United Nations A/58/401

General Assembly

Distr.: General
2 October 2003

Original: English

Fifty-eighth session
Agenda item 91 (g)
Macroeconomic policy questions: commodities

Report of the Meeting of Eminent Persons on Commodity Issues

Note by the Secretary-General

The Secretary-General has the honour to submit to the General Assembly, as requested in its resolution 57/236 of 20 December 2002, the report of the Meeting of Eminent Persons on Commodity Issues, which was held at Geneva on 22 and 23 September 2003. The report will also be considered by the Trade and Development Board of the United Nations Conference on Trade and Development, which will transmit its views to the General Assembly in its report on its fiftieth session.

03-54010 (E) 161003

Report of the Meeting of Eminent Persons on Commodity Issues

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I. Introduction

1. At its fifty-seventh session, the General Assembly discussed commodity issues under agenda item 84 (b), "Macroeconomic policy questions: commodities". The General Assembly had before it document A/57/381, entitled "World Commodity Trends and Prospects: note by the Secretary-General" containing a report prepared by the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD).

2. Following its discussion on this item, the General Assembly adopted resolution 57/236 of 20 December 2002, in which, in paragraph 11 it called upon the Secretary-General of UNCTAD, within existing budgetary resources, supplemented by voluntary contributions as appropriate, to designate independent eminent persons to examine and report on commodity issues, including the volatility in commodity prices and declining terms of trade and the impact they had on the development efforts of commodity-dependent developing countries, for consideration by the Trade and Development Board at its executive session and, subsequently, by the Assembly at its fifty-eighth session. For this activity, the budgetary resources of UNCTAD were supplemented by one voluntary contribution amounting to $10,200, received from the Government of Italy.

3. The designated eminent persons (see the annex of the present report) met on 22 and 23 September 2003 at Geneva. The meeting was opened by the Secretary-General of UNCTAD and chaired by the Deputy Secretary-General of UNCTAD and the Director of the Division on International Trade in Goods and Services, and Commodities. Nine brief background notes were prepared by the secretariat, covering the issues that were expected to be taken up by the eminent persons. These are available to the Trade and Development Board in their original unedited English versions.

4. Based on their discussions, as summarized in section III of the present report, the eminent persons agreed upon a set of recommendations which are presented in section II.

II. Recommendations

5. The eminent persons believe that there is a wide range of actions that can improve the conditions on commodity markets and can help alleviate the poverty of many commodity producers, including through better crop management systems. The eminent persons have separated these proposals into short-term ones, involving urgent, immediate action in response to severe crises, with immediate discernible results; medium-term ones, involving a reorientation of policies and proposals that is eminently feasible; and long-term ones, the discussions on which should be started now but implementation of which could take time. Among the recommendations given below, the eminent persons would like to draw particular attention to our proposals in the following areas, to which they attached the highest priority:

(a) Enhanced, equitable and predictable market access for commodities of key importance to developing countries (paras. 6-7);

(b) Addressing the problems of oversupply for many commodities (paras. 9, 16 and 17);

(c) Making compensatory financing schemes user-friendly and operational (paras. 12 and 13);

(d) Strengthening capacity and institutions (paras. 18-20);

(e) Pursuing the possibilities for the creation of a new International Diversification Fund (paras. 27-29).

A. Short-term recommendations

1. World Trade Organization negotiations

6. The eminent persons note with concern the inability of members of the World Trade Organization (WTO) to come to an agreement at the fifth Ministerial Conference, held at Cancún, Mexico, from 10 to 14 September 2003. Urgent progress was needed on issues such as removal of market access and entry barriers to developing country commodity exports (e.g., tariff escalation), as well as problems relating to sanitary and phytosanitary measures and technical barriers to trade and rules of origin. Developing countries are currently the victims of subsidy policies in the developed countries, and the likely delay in international trade liberalization in this area will thus negatively affect their economic growth. It will be particularly harmful for the producers of many agricultural commodities, who are facing unfair competition from developed country farmers. The eminent persons call for a speedy resumption of the trade negotiations, which offer the best opportunity to tackle these issues.

7. Meanwhile, however, there is a need for action to compensate developing country farmers for the losses that they suffer as a result of current developed country policies. In line with the proposal by four African countries at the WTO Ministerial Conference at Cancún, the eminent persons call for an early elimination of subsidies provided in developed countries to cotton and for the compensation of the loss of earnings owing to the supplies of cotton subject to subsidies. The eminent persons call upon the international community to prioritize research on the modalities for such a compensation mechanism, working with expert organizations such as UNCTAD. The eminent persons also call for further work on the appropriateness of extending the model of the "cotton initiative" to other relevant commodities.

8. Agricultural subsidies in other countries can have a negative impact on a developing country's commodity production if they lead to the import of subsidized commodities, constraining the output of its farmers and hindering expansion and diversification possibilities. A special mechanism to enable affected developing countries to safeguard against such imports is of crucial importance.

2. Coffee

9. The eminent persons note with dismay the extreme poverty into which 25 million coffee farmers and workers have been thrust by very low prices. The eminent persons therefore call for immediate and decisive emergency action. The eminent persons suggest that the International Coffee Organization (ICO) consider

imposing an export fee, using the proceeds of the fee to help alleviate poverty arising from low coffee prices. The eminent persons urge both producing and consuming countries as well as relevant international organizations to support such a programme and associated actions by ICO covering, on the supply side, quality improvement measures, promotion of diversification and production monitoring, and on the demand side, the promotion of consumption.

3. Debt relief

10. Debt servicing and repayment expenditures of many developing countries are financed by revenues from commodity exports. The prices at which these commodities are exported, however, are determined outside the country and may decline substantially without any responsibility of the country concerned, leading to severe financial strain. Many developing countries are now in no position to service their debt because of a combination of low export prices and high oil import prices. As early as possible, mechanisms should be introduced that would better tailor debt relief efforts to the needs of commodity-exporting developing countries, in particular least developed countries and heavily indebted poor countries.

11. In the medium term, other mechanisms should be explored and established to address in a more systemic way the linkage between the problems of commodity-exporting developing countries and debt relief measures. The eminent persons call upon UNCTAD and other agencies to undertake further studies in these areas.

B. Medium-term recommendations

1. Compensatory finance

12. Compensatory finance has an important potential role in insulating developing countries from the worst effects of international price volatility, and indeed in reducing volatility. In order to be effective, such financing has to meet the following requirements:

(a) Operation on the basis of ex ante rather than ex post mechanisms (in other words, clearly linking automatic pay-outs to specific occurrences);

(b) Ease of access, in terms of technical requirements;

(c) Absence of conditionalities for receiving the finance — it should be sufficient that the country itself carries no evident blame for the specific commodity-linked loss that it suffered;

(d) The inclusion of a pass-through mechanism to actual producers and consumers.

13. The tools and mechanisms for this exist, and existing schemes should be adapted accordingly and made operational.

2. Policy design and implementation

14. The link between the development of the commodity sector and poverty is irrefutable, and Governments need the capacity to address these issues in their policy design and implementation and in international negotiations. Governments should be empowered to properly address the links between international

commodity trade aspects and national development in their policies. It would be advisable for concerned countries to consider establishing appropriate processes and institutions involving all stakeholders to effectively address those issues in the framework of a commodity strategy and/or a strategy for economically and environmentally sustainable rural development. Few countries are now in a position to have a commodity strategy; commodity issues should become an explicit part of poverty reduction strategies. The eminent persons urge the international donor community to support UNCTAD and other competent organizations in setting up capacity-building programmes and activities in this area.

3. Corporate social responsibility

15. The eminent persons recognize with satisfaction that many private sector firms are showing increased interest in applying principles of corporate social responsibility in their global operations, in line with international standards and agreements. In this light the eminent persons urge individual companies to increase their efforts to incorporate concerns related to the sustainable development of the commodity sector, the dissemination of the benefits of commodity-related activities to the disadvantaged sections of the population, and the generation of positive linkages with the rest of the economy in their corporate social responsibility commitments. The eminent persons think it is important that long-term thinking of companies gains the upper hand over short-term orientation.

4. Measures for dealing with oversupply

16. Regarding commodities facing a situation of structural oversupply, a concerted effort is necessary to bring demand and supply into balance at a point where prices are sufficiently remunerative for the average producer. In this connection, action on both demand and supply sides can be envisaged. In this light, the eminent persons stress the large potential benefits of faster liberalization of trade among developing countries. Measures aiming at the expansion of demand could include improving the quality of supplies as well as identifying new end-uses. Regarding the supply side, the main objective would be to diversify into other productive activities with better returns. Furthermore, research and development into new end-uses of commodities should be supported. Strengthening the resources of the Second Account of the Common Fund for Commodities to continue to provide support to the developing countries in these areas is emphasized.

17. In the short term, however, measures to reduce the supplies put on the market may be necessary. Where appropriate or feasible, these may include producer-consumer schemes, joint measures by producers only, and national-level measures. In this connection, the eminent persons recognize the "free-rider" problem and the operational difficulties with supply management schemes. Producer countries that face a situation of oversupply are also encouraged to take national measures — an example is Malaysia's use of a cess on palm oil production imposed in times of high prices, which is used in times of low prices to subsidize the use of palm oil in a non-traditional way, namely for electricity generation — as well as measures in cooperation with others that can address their predicament. Relevant institutions could be approached to organize meetings to examine the experiences in this area. Countries that are not party to such schemes should agree to apply a favourable interpretation of the General Agreement on Tariffs and Trade articles XI, XX and XXXVI, as well as other relevant articles of the General Agreement on Tariffs and

Trade and the WTO agreement, and to forgo using competition policy measures against such schem . Developed countries should eliminate subsidies, where feasible, to contribute to reducing oversupply.

5. Capacity-building to improve supply capacities and market entry

18. Many commodity-dependent developing countries do not have the capacity to benefit from potential market openings. Support for strengthening supply capacity in the commodity sector should be made an integral part of international assistance to commodity-dependent countries. This should include policy-level support to design and implement strategies, policies and measures for commodity-based development and diversification, the improvement of domestic research and development capacities, as well as support for the organization of small-scale producers to achieve better integration into international supply chains. Encouraging and strengthening organization of small-scale producers, processors and traders of commodities with a view to enhancing their capacities for technology absorption and for marketing of their products is important. The eminent persons emphasize the importance of assistance aimed at enabling small producers to meet quality and traceability requirements, as well as market exigencies reflected in the specifications of importing firms.

19. The eminent persons recognize that capacity-building has many different facets and that different entities such as international organizations, private companies, particularly transnational corporations, business associations, non-governmental organizations and the Governments of both developed and developing countries have their specific insights and competences. A holistic approach with consistency and complementarity, and based on a spirit of partnership among all the relevant actors, has a better chance of making a positive impact than a piecemeal approach. The eminent persons call for an organization such as UNCTAD to be entrusted with the task of convening the different entities mentioned above so that needs of commodity-dependent countries in terms of capacity-building are examined, an integrated coherent programme of capacity-building is designed, its implementation followed up and a division of labour as well as commitments are secured. The implementation of such a programme "in the field" would call for country-level arrangements, possibly led by international organizations with country presence. Donor organizations are invited to support these capacity-building activities financially.

6. Institution-building

20. Weak institutions and weak legal and regulatory frameworks (for example, land titles, problems with ownership rights, export regulations, bankruptcy rules) not only make it difficult for farmers, other producers, processors and traders in developing countries to benefit from diversification opportunities, but also, by adding costs and weakening bargaining positions, prevent them from taking a greater share in the value-added chain. Women are particularly penalized by weaknesses in these areas in combination with gender bias. In general, these weaknesses also lead to producers being directly exposed to world market price volatility and create difficulties in access to finance. It is necessary to fill the institutional and capacity gaps that are now visible in many countries. In this light, donors should enhance their support to the strengthening of crucial trade-supporting institutions, in particular inspection and certification agencies, export promotion

bodies, insurance firms, agricultural finance institutions and national and regional commodity exchanges.

7. Preferential schemes and South-South trade

21. In some cases preferential trade schemes can play a role in stabilizing and securing income of poor commodity producers, thus paving the way for subsequent development and diversification. Similarly, regional integration schemes as well as liberalization of trade among developing countries can have a role in expanding earnings from the commodity sector. The use and impact of such schemes could benefit from further research.

8. Information and analysis

22. The eminent persons recognize that developing country Governments, firms and farmers suffer from a lack of access to timely, comprehensive, accurate and user-friendly information and analysis, as well as the capacity to utilize it in decision-making at the government, firm and farm levels. Better strategic and organized information is needed at the international level for better decision-making (including in recognizing trends and real income losses resulting from terms of trade declines) and at the local level to give farmers the information they need, if possible on a real-time basis. In the first respect, the eminent persons observe with serious concern the decline in resources devoted to the analysis of commodity issues in some of the international agencies. This is a significant bottleneck for identifying and exploiting markets and diversification opportunities. Better information flow to developing countries can help Governments to make better policy decisions and is also a necessary condition for avoiding wrong investment decisions that may lead not only to losses for new investors but also to situations of oversupply. The eminent persons call for strengthening the capacity of UNCTAD and other competent international organizations to regularly disseminate specialized information and analysis covering a broad range of commodities and commodity issues and establish networks so as to contribute to market transparency, and to develop collaborative tools to facilitate the use of this information, particularly by producers.

9. Exchange of experiences on commodity policies

23. The eminent persons note the interesting experiences of developing countries in devising innovative approaches to strengthen their commodity sector and cope with negative aspects (e.g., volatility). There is a need for more exchange of experience on commodity-related policy options and scope for greater South-South cooperation, and the eminent persons urge UNCTAD to develop a proper forum for this.

10. Fiscal management and revenue utilization

24. In many countries, particularly those where revenues are obtained from fuels, minerals and exploitation of other natural resources, there is considerable room for improvement in fiscal management and revenue utilization which would lead to a greater contribution of the commodity sector to poverty alleviation. This should from now on become part of the policy debate between the Governments of such countries and international financial institutions/the donor community, with a focus on mobilizing substantial resources for institution-building in fiscal management

within a strong governance framework. Commodity-related fiscal risks (both quantity and price) and ways to manage such risks have to be part of the agenda of this policy debate forthwith. Competent organizations such as UNCTAD should do more to stimulate awareness of these issues and possibilities.

11. Risk management

25. Much of the burden of commodity price volatility is now borne directly by producers (with particularly severe effects on the poorest of them). Negative effects are also felt by processors, traders and consumers in developing countries. Producers in particular would benefit strongly from better price risk management — the increased likelihood of not receiving less than a certain price for their products. While not a panacea and requiring proper conditions for use, market-based tools for providing such security exist for a number of commodities.

26. The international community should play a more proactive role in this area. The eminent persons feel that, with some urgency, efforts to create the capacity to manage commodity price instability should become a part of all rural development schemes, along with the various efforts to plan and prioritize development assistance (in particular, the poverty reduction strategies as formulated under the aegis of the United Nations Development Programme (UNDP) and the World Bank, and the Integrated Framework for Trade-Related Technical Assistance to the Least Developed Countries set up in the context of WTO). Donor institutions should provide more support to implement programmes in this area.

C. Long-term recommendation

International export diversification fund

27. Ultimately, in order to drastically reduce poverty, countries need to fully utilize opportunities to diversify their productive capacity (within the commodity sector, including through value addition, and outside the sector). Having access to markets is a necessary condition, but not a sufficient one: they need to develop new supply capacity. The recommendations above should help in this respect. But the ability of countries to move away from excessive dependence on a few commodities would be much strengthened if, for their efforts, they had access to an international diversification fund. This could be linked to an existing institution, such as the Common Fund for Commodities.

28. This fund would focus on developing private sector capacity. In addition to strengthening the institution-building and other relevant activities mentioned earlier, it would develop strong producer associations, with a proper role for the majority of producers (women); develop key infrastructure; and stimulate investments (e.g., by providing risk capital or temporary compensation for certain infrastructural weaknesses).

29. We urge the international community to have a new look at such a fund, and in particular, consider a new mode of financing it. This would be justified given the long-term decline in the terms of trade for commodity exports from developing countries, which implies a real resource transfer to consuming countries.

D. Concluding requests

30. While the eminent persons feel that it is important that national Governments and the international community attach priority to commodity issues, along the lines of the recommendations above, they feel that there are certain areas where the United Nations, and in particular UNCTAD, can itself make significant steps. In this respect, they would like to transmit the following requests:

(a) That the Secretary-General of the United Nations distribute the findings of the eminent persons to the relevant United Nations organizations, in particular UNDP, the international financial institutions and bilateral donors, suggesting that, in the light of the Millennium Development Goals and the importance of commodities for most of the world's poor, they should upgrade the priority that they accord to commodity issues, and informing them that he will contact them again in one year's time with a view to reporting to the General Assembly on how they have adapted their policies and programmes to the needs of the commodities sector;

(b) That UNCTAD explore the possibilities for a new partnership between Governments, private business, producers' and traders' associations, civil society and international organizations in the commodity area, and announce the shape and modalities of such a partnership, as well as concrete steps to implement it, at the forthcoming eleventh session of UNCTAD in June 2004;

(c) That the Secretary-General of UNCTAD contact the heads of the European Commission and the International Monetary Fund in order to convey to them the importance of a properly functioning system of compensatory finance and to invite them to work with UNCTAD with a view to designing a system that meets the criteria set out above;

(d) That the General Assembly assign to a competent organization the responsibility to lead open and transparent discussions with all relevant stakeholders on the creation of a new international export diversification fund, along the lines discussed above.

III. Summary of discussions

A. Background

31. The eminent persons agreed that the seriousness of the problems associated with the volatility of commodity prices and the declining terms of trade could not be overstated. The impact on development efforts of commodity-dependent developing countries was felt at both the macro and the micro levels, increasing the vulnerability of those countries and undermining their efforts to fight poverty.

32. The eminent persons observed that, when principal petroleum and manufactured goods exporters were excluded, the terms of trade of developing countries had declined by more than 20 per cent since 1980. For African countries, which comprised the most commodity-dependent group, the decline was more than 25 per cent. Instability was the other important characteristic of commodity prices. The average monthly deviation from trend had been more than 10 per cent for many commodities of export interest to developing countries. Macroeconomic variables, such as savings and capital accumulation, balance of payments and exchange rates,

public finances and, naturally, employment and growth rates were greatly affected by commodity prices and their reflection in export earnings in commodity-dependent countries. These negative impacts left a long-lasting mark on development prospects, perpetuating the poverty trap generated by dependence on low-value commodity exports. The impact in the other direction was also very important. Large foreign debt burdens and currency devaluations created inducements to increase exports. In most developing countries the commodity sector was the sector most responsive to stimuli of this sort. An inescapable result was increased supplies on world markets, leading to downward pressure on prices.

33. The eminent persons emphasized that dealing with the problems of the commodity sector was a crucial element in reaching the Millennium Development Goals related to poverty reduction, and that that initiative of the General Assembly could provide new impetus to the search for solutions to the commodity problems of developing countries. Commodities had been taken off the predominant place in the international development agenda that they had occupied for many years. Now, commodity issues were once again attracting the attention of the international community. However, international initiatives such as the poverty reduction strategy papers still did not take into account sufficiently the issues associated with the commodity sector.

34. It was important not to lose sight of the consequences in human terms of low commodity prices, particularly for the poorer and less powerful segments of the population, such as the rural poor and women. In that context, food and income security for the poor should be an important objective. An ethical starting point for the discussion should be agreement to increase the possibility of attaining commodity prices that would be remunerative to producers and equitable to consumers. Exploitative practices caused by imbalances between the market power of small producers and large buyers should be prevented.

B. Price trends and volatility

35. It was agreed that it was difficult to generalize about the causes underlying declining commodity price trends and price volatility. Commodities and countries were different and different sets of factors influenced price developments. Variations in exchange rates also introduced problems when assessing the development of commodity prices over the medium and long term. With respect to commodity price volatility it was considered important to include in any analysis such factors as the effect of subsidies and the role of terminal market operations.

36. For several commodities there was a global situation of excess supply, as output had increased at a faster rate than demand and that had contributed to the decline in their prices. In the case of some commodities, a significant factor had been the high subsidization of production, mainly in industrialized countries. In other cases, global oversupply might be a result of a number of factors, such as several countries deciding to increase output at the same time; advice provided by international agencies and by financial assistance programmes; and overoptimistic projections of demand and prices.

37. Part of the decline in real commodity prices over the past decades could be attributed to productivity increases realized for some commodities in some countries. It could therefore be questioned whether the producers in question were

worse off now than decades ago. On the other hand, for many producers who had not been able to increase their productivity and yields and had not been able to diversify, the situation presents itself as one of declining incomes caused by excess supplies. Moreover, a negative trend in terms of trade could be observed for developing countries exporting commodities, and it was clear that commodity producers had not succeeded in retaining the gains of productivity improvements. It was also important to recognize that productivity increases could vary considerably within the same sector, with large modern operations often improving productivity at a faster rate than small producers. Many producers, for instance those in small island countries, also faced specific constraints on productivity growth and diversification owing to climatic, geographical and demographic reasons.

C. Subsidies and trade barriers

38. It was agreed that export subsidies and market-distorting forms of domestic support for agricultural production and exports in developed countries had contributed significantly to output increases and price declines for products subject to such support and affected negatively the shares of developing countries in the markets for those products. Phasing out such forms of support would eliminate major detrimental effects on developing countries' income and growth prospects and considerably enhance export opportunities for developing countries. Developed country tariffs on agricultural products, particularly more processed ones, were high, and other trade measures constituted significant obstacles to market entry for developing country commodity exports. It was also observed that the removal of barriers to trade among developing countries would have significant beneficial effects, inter alia by stimulating the development of new markets and thereby improving market diversification.

D. International cooperation on commodities

39. It was generally recognized that international cooperation between producers and consumers on commodity issues could provide the best opportunity for dealing with commodity problems if political and technical circumstances were favourable. However, such preconditions, particularly for commodity price stabilization actions of the traditional type, were not always present. In the absence of producer-consumer cooperation, it was suggested that producers cooperate among themselves to align supply with demand. Opinions were divided on the prospects for success of actions to limit supplies taken on the basis of cooperation between producers alone, although it was noted that examples of successful cooperation existed, including the one concerning natural rubber involving Indonesia, Malaysia and Thailand. The meeting also discussed the option of national-level measures to limit supplies during a situation of excess supplies and heard some cases of such national-level measures with beneficial results. It was also noted that, in some cases, the best cure for oversupply and depressed prices could be the development of new end-uses rather than the limitation of production.

E. Commodity-based development and diversification

40. The place of primary producers in the value chain was an important issue to consider in the case of commodity-based development and diversification. Improved competitiveness and successful diversification were principal avenues for strengthening that place so that a greater part of the value added is retained in the country. It was generally agreed that horizontal, vertical and geographic diversification was an integral part of the development process in commodity-dependent developing countries and that only a very small number of countries had been successful in basing economic development on the commodity sector, particularly the export of raw commodities, alone. Improved stability of prices would contribute to facilitating the diversification process by reducing risks to producers and allowing them to invest in diversification. It was also emphasized that diversification ultimately had to be the result of decisions taken at the level of individual producers. Diversification policies should enable them to make informed choices. Support for diversification, whether by Governments or by international agencies, should take into account both current and prospective world market conditions and avoid the risk of fallacy of composition. Diversification recommendations should not be based on static comparative advantages, but on dynamic considerations. Diversification was not, however, an end in itself but an element of development strategies. Competitive commodity producers should not have to diversify out of commodity production just because of market distortions such as those introduced by subsidies.

41. The design and implementation of successful diversification policies and strategies could be facilitated by international financial and technical assistance. The important role of the Common Fund for Commodities in financing diversification projects through its second account was recognized and the need to strengthen its financing capacity was emphasized.

42. The eminent persons also recognized that access to reliable information on commodity markets was often a major problem for developing country producers and that the asymmetry in access to information was highly problematic.

43. In the context of commodity-based development and diversification, the importance of sound fiscal management was emphasized, and it was noted that volatility in export earnings and government income tended to have negative impacts on the quality of public expenditure management. Income from commodity exports needed to be invested in human capital to improve prospects for sustainable development. It was noted that the environmental costs and benefits of commodity production also needed to be seen as important elements in designing policies. Moreover, it was important to promote the dissemination of examples of successful policies among developing countries.

F. Policies and measures for recommendation

44. The eminent persons discussed a wide variety of possible recommendations for dealing with the problems of the commodity sector. Their recommendations are presented in section II of the present report.

45. As regards measures to deal with price declines, volatility, the need for diversification and strengthening the contribution of the commodity sector to

development, the eminent persons agreed that it was useful to divide possible actions into three categories: to be taken immediately, in the medium term and the long term. It was recognized that, in many areas, actions in different time perspectives would be complementary. Some commodities — particularly coffee and cotton — posed problems that needed immediate solutions. For others, including most mineral commodities, medium- to long-term solutions were more important. It was argued that actions should target commodities that were going through crises and where the effects were of major significance for countries and vulnerable populations. There were also differences between countries with respect to problems, often as a result of differences in size and institutional capacity. It was therefore noted that there were no solutions that would fit all cases.

46. The desirability of measures to compensate export earnings shortfalls was mentioned repeatedly. It was recognized that previous and existing schemes had suffered from excessive conditionalities. One argument advanced in that context was that schemes based on insurance against shortfalls would be a better approach than ex post compensatory schemes. Such schemes should be backed by market-based instruments such as options to limit cost. Capacity-building measures and crop management systems were also mentioned in that context.

47. The abolition of market boards and other support structures in many countries had led to the disappearance or deterioration of some crucial services such as the provision of information, credit and extension services. It had also weakened the bargaining power of developing country producers. The resulting institutional vacuum needed to be filled. In that context, Governments, the private sector and intergovernmental organizations should play separate but complementary and mutually supportive roles. Attracting investors and investing in research and development were important elements of commodity-based development and diversification strategies.

48. The concept of diversification funds attracted considerable interest. Possible ways of financing such funds were discussed. It was recognized that specific taxation for that purpose was not a realistic option. Concern was also expressed that existing official development assistance funds might be diverted from other purposes. The effort could be made to take the developed countries closer to their Monterrey targets. It was suggested that, as a basis for the allocation of the financing burden among donor countries, their share in developed country commodity imports from affected developing countries could be used. Several options for financing diversification that would be discussed in ICO, including the possibility of introducing a fee on coffee trade, were mentioned.

49. It was agreed that, ideally, measures to limit supply should be undertaken in cooperation between producers and consumers. If that were not possible, however, producers would have to agree on methods among themselves. This would be facilitated if consumers were prepared to abstain from actions to block any such plans. If coordinated action by producers was not possible, production and/or export cuts would have to be implemented on an individual country basis.

50. The relationship between indebtedness and commodity dependence was discussed and it was noted that export earnings shortfalls due to commodity price volatility should be included among the criteria for debt relief. Historical examples of debt being indexed to commodity prices through the issuance of bonds linked to commodity prices were mentioned in this context.

Annex

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United Nations A/58/402

General Assembly

Distr.: General
2 October 2003

Original: English

Fifty-eighth session
Agenda item 42
Follow-up to the United Nations Year for Cultural Heritage

United Nations Year for Cultural Heritage, 2002, and its follow-up

Report of the Secretary-General*

Summary

The General Assembly, on 21 November 2001, adopted resolution 56/8, proclaiming 2002 the United Nations Year for Cultural Heritage, with the United Nations Educational, Scientific and Cultural Organization (UNESCO) as the lead agency for the Year. The Director-General of UNESCO invited all Member States and United Nations sister agencies to base the activities of the Year on two principal pillars, dialogue and development, in order to focus international commitment to the cultural heritage cause.

Three objectives were set for the celebration of the Year: (a) to intensify the implementation of programmes, activities and projects aimed at promoting and protecting the world cultural heritage; (b) to promote education and raise public awareness in order to foster respect for national and world cultural heritage; and (c) to encourage voluntary contributions to finance and support activities aimed at promoting and protecting national and world cultural heritage. The present report provides an overview of activities carried out or led by UNESCO in the framework of the Year for Cultural Heritage, and refers to the spirit in which UNESCO will continue to work in this area.

* The report was received from the United Nations Educational, Scientific and Cultural Organization on 30 September 2003.

03-54127 (E) 271003

I. Introduction

1. The Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO) set up an interdisciplinary task force to pilot activities with respect to the educational, environmental and informational dimensions linked to the implementation of activities for the United Nations Year for Cultural Heritage and to serve as secretariat for the Year.

2. An immediate task was the publication of informative material on the Year in the form of a kit explaining the richness and diversity of cultural heritage in the world and UNESCO's ways, means and mechanisms to protect, safeguard and sustain cultural heritage. It describes, in particular, the many manifestations and expressions of cultural heritage, whether inanimate or living, including cultural heritage sites, handicrafts, creativity, the arts and oral traditions. The kit also provides an overview of the UNESCO commitment to heritage protection over more than 50 years. It supports an inclusive vision of cultural heritage, stressing its dynamic and evolutionary nature. The kit met with widespread success with UNESCO partners, which include national commissions, non-governmental organizations, development banks and private foundations, as well as the United Nations system. It was perceived as a comprehensive and unique tool to raise awareness of the indivisibility of the tangible and intangible expressions of cultural heritage and of the need to sustain cultural diversity and dialogue among cultures and peoples in the spirit of the United Nations Global Agenda for Dialogue Among Civilizations. It helped serve the cause of dialogue among civilizations and cultures by reiterating the humanistic assumption of Javier Pérez de Cuellar's report entitled *Our Creative Diversity* (UNESCO, 1995), which stated firmly that no culture is an island and that cultural heritage is a result of influences, appropriation and exchange through the centuries, between peoples and identities.

3. The logo that was designed for the Year also helped convey the message that culture is the fruit of creativity and influences. The success and impact of the information material, which was also widely diffused on the web, can be assessed from the countless requests for the use and reproduction of the Year's logo not only by Member States, culture and education ministries and local institutions, but also by numerous grass-roots organizations in all regions. UNESCO also received immediate offers to translate the material into local languages. Several countries launched national campaigns for the Year and devoted celebrations and web sites to it.

4. An updated calendar of the Year for Cultural Heritage was also produced, containing references to some 300 initiatives at the national, regional and international levels. National campaigns aiming at raising awareness among the general public of the values enshrined in cultural heritage included exhibitions, festivals, photo competitions, youth contests, awards for the conservation of monuments and in artistic disciplines, the striking of commemorative medals and the printing of postage stamps and publications on national heritage. Several countries also marked national heritage days, weeks or months by offering free access to museums, sites, conferences, lectures and radio and television productions. The non-governmental organizations maintaining official relations with the United Nations system, and UNESCO in particular, launched the campaign Heritage for a Culture of Peace with the aim of enhancing the role of local heritage as a vehicle of peace-building.

II. World heritage: a shared legacy and a common responsibility

5. The focus of the Year was major regional and international conferences with the aim of advancing the international consensus on innovative ways and means for the effective safeguarding of cultural heritage and advancing a global and holistic approach to the notion of cultural heritage. In this respect, the international congress entitled World Heritage 2002: Shared Legacy, Common Responsibility, held in Venice from 14 to 16 November 2002, in cooperation with the authorities of Italy, deserves mention. The congress was a celebration of the thirtieth anniversary of the World Heritage Convention of 1972, and it brought together more than 600 participants from all over the world. Nine specialized workshops involved in this celebration focused on specific measures, both technical and legal, to ensure the preventive conservation of world heritage. They stressed the need for UNESCO to strengthen its role in conserving our world heritage in partnership with the States parties to the World Heritage Convention, civil society and the private sector.

6. The World Heritage Convention is one of the most universally recognized international conventions. As at June 2003, there were 189 States parties to the Convention. The World Heritage List, as at July 2003, included 754 properties — 582 cultural sites, 149 natural sites and 23 mixed properties (both cultural and natural) — in the 189 States. The Convention, it should be recalled, was born of two separate movements, one focusing on the preservation of cultural monuments and the other on nature conservation. The meshing and merging of these two movements has given rise to international action in support of world heritage, providing a platform for the protection of both cultural heritage and the environment, whether natural or itself cultural, as is illustrated by the concept of "cultural landscapes". The extraordinary success achieved by this Convention deserves to be celebrated. But we must also look to the future, and reflect on the challenges that lie ahead.

7. Major efforts were also devoted during the Year for Cultural Heritage to increasing public awareness, involvement and support for world heritage through communication. Several public information activities were carried out in this respect, such as itinerant exhibitions, thematic press workshops, documentary film series focusing on UNESCO World Heritage Sites, the production of a world heritage calendar and cooperation agreements between UNESCO private partners for the production of video films on world heritage.

8. The *World Heritage Review* received enhanced support, and requests for distribution in English, French and Spanish have increased. A Russian edition has been produced since the beginning of 2002. The *World Heritage Papers* series received additional support; publications included a guide to international assistance, a periodic report on Africa and papers on managing tourism at World Heritage Sites, the World Heritage marine biodiversity workshop and the identification and documentation of modern heritage.

9. The World Heritage Partnerships Initiative was launched for the initial period 2002 to 2007, focusing especially on public/private partnerships. New partnerships were announced at the Venice congress in November 2002. These included a tripartite agreement among UNESCO, the United Nations Foundation and Conservation International worth $15 million. A similar partnership is under negotiation with the World Wildlife Fund in the United States of America. Fauna

and Flora International also pledged to cooperate with UNESCO, the United Nations Foundation and other interested partners to build a rapid response mechanism to respond to threats to world heritage natural sites and generate the initial capital needed for a fund that will support the mechanism's operations. An agreement with the Grand Circle Foundation has been finalized, which pledges $100,000 per year to selected world heritage properties over a five-year period, and a partnership with Hewlett Packard is under discussion. A partnership with international space agencies was launched. New initiatives are currently being developed with the European Space Agency, the University of Ghent and University of Louvain la Neuve in Belgium, the Brazilian and Argentine space agencies and the National Aeronautics and Space Administration of the United States of America in order to better monitor and map world heritage properties.

10. A number of bilateral cooperation agreements with States parties to the 1972 Convention emerged from the Venice congress in order to promote implementation of the World Heritage Convention. Their purpose is to identify natural and cultural sites for inclusion on the World Heritage List, to provide technical assistance to nominating countries, to enhance the management of sites already listed and, in this context, to develop projects for which funding may be sought, in particular from international cooperation agencies. Following earlier agreements with France and Japan to support world heritage projects and monitoring activities, new agreements with Australia, Belgium, Italy, the Netherlands, New Zealand, Spain and the United Kingdom of Great Britain and Northern Ireland have been signed. Significant earmarked contributions have also been gratefully received from a number of States parties during the Year for Cultural Heritage.

11. UNESCO is duty bound to spare no effort to implement the World Heritage Convention, and to ensure that a number of recent and unfortunate trends in the evolution of societies are reversed. While we must work closely with States parties, we also have an enormous task to accomplish vis-à-vis the general public. The last two centuries have brought unprecedented changes in the political, ideological, economic, technological and cultural spheres. Millions of men and women have been torn from their traditional environments and ancestral tasks in order to assume new roles, frequently leading them to relinquish what once formed the very cornerstone of their identity and cultural heritage.

III. Protecting intangible cultural heritage

12. In September 2002, UNESCO organized in Istanbul the third round table of ministers of culture on the theme "Intangible cultural heritage — a mirror of diversity", at the generous invitation of the Turkish authorities. Representatives of 110 countries, including 71 ministers of culture, as well as of nine intergovernmental and non-governmental organizations, participated in this two-day meeting. It culminated in the adoption of the Istanbul Declaration, which contains a set of guiding principles for the safeguarding of intangible cultural heritage and is aimed at building international solidarity in this endeavour. In this context, the idea of drafting a convention for the safeguarding of intangible cultural heritage is endorsed. During the Year for Cultural Heritage, drafting this convention was one of the prime objectives of UNESCO, the aim being to building a normative framework for safeguarding intangible cultural heritage that would eventually become as effective as the World Heritage Convention is for tangible cultural and natural heritage.

13. The reputation of UNESCO is largely built on its work in the field of tangible heritage. When, in 1972, the General Conference adopted the World Heritage Convention, this was not only an event in political and legal terms but also an important conceptual innovation. For the first time, cultural heritage and natural heritage were combined in the same legal framework. It is increasingly evident that in many societies traditional forms of expression are undermined by globalization. The trends towards cultural homogenization that we witness in so many facets of life today can present a threat to the survival of many unique forms of cultural expression. The disappearance of this heritage is reflected in a diminishment of cultural diversity worldwide. Intangible cultural heritage urgently needs to be protected and revitalized, and each Government should take the necessary measures to ensure this. UNESCO, the only organization within the United Nations to have a mandate in the field of culture, has long played a leading role in this regard.

14. Intangible cultural heritage is gaining increasing recognition worldwide for the fundamental role it plays in our lives in the maintenance and enhancement of cultural identity and diversity. It urgently requires increasing protection in order to ensure its continuity and development. This is largely due to the specific nature of that heritage, which covers the most fundamental yet vulnerable aspects of living culture and tradition, most often embodied in the spiritual life, knowledge, skills and processes of an individual or a community.

15. At a time when heavy question marks hang over the future of cultural diversity as it faces the impact of globalization, we have to confront the fact that the most vulnerable aspect of the cultural identity of peoples throughout the world is their intangible cultural heritage. It is therefore the duty of UNESCO to alert public opinion to the importance of this heritage and to encourage Member States to draw up inventories of it, protect it and revitalize it. While globalization entails increasing economic interdependence and a stepping up of cultural interaction, it also presents a risk in the cultural sphere, for it threatens the survival of many forms of cultural expression. This impoverishment of cultural life affects us all as world citizens. Culture, which is intrinsically plural, diverse and constantly evolving, weaves the fabric of our societies, our memory, our manifold identities, our creativity — in short, our inner existence.

16. The preservation and promotion of cultural diversity are fundamental missions of UNESCO. Cultural diversity, however, cannot be maintained solely by the preservation of the material vestiges of the past. It requires, too, the preservation and promotion of what is now called the intangible cultural heritage, which is the melting pot of creativity and the mainspring of living cultures. Action to promote the intangible cultural heritage will aim to encourage all States, with the active cooperation of researchers, creators and custodians of culture, to identify more precisely the forms and items of the cultural heritage, to make States and communities aware of the value of and their responsibilities in respect of such heritage through legislative, institutional, educational, promotional and communication activities and, lastly, to mobilize the international community through the establishment of technical and financial mechanisms for cooperation and assistance. The Proclamation of Masterpieces of the Oral and Intangible Heritage of Humanity is meant to provide the greatest number of countries with an opportunity to demonstrate the richness of their heritage. During the Year, the preparations for the second Proclamation of Masterpieces were launched, and the secretariat received 66 candidature files. Preparatory assistance granted to 41 projects provided expertise and facilitated the

organization of meetings at the local and national levels, consultations and inventories of indicative lists, workshops and seminars, as well as the compilation of required documentation and the undertaking of fieldwork.

17. Over one year, during a series of meetings, experts elaborated a working definition of intangible cultural heritage, together with a glossary. In September 2002, in the course of intergovernmental meetings of experts, the draft convention was elaborated and in June 2003 was approved for submission to the UNESCO General Conference at its thirty-second session, in 2003. The proposed international standard-setting instrument devised by UNESCO member States is the most effective means of encouraging member States to engage in urgent actions for the protection of intangible heritage.

18. In the same spirit, preserving and revitalizing local languages and cultural practices specific to certain localities also help to enhance cultural diversity and to protect cultural heritage. By section II of its resolution 56/262 of 15 February 2002, the General Assembly called upon Member States and the United Nations to promote the preservation and protection of all languages used by the peoples of the world. Languages form part of the world's cultural heritage, and it is this spirit that helped UNESCO promote greater awareness of the role of languages as vehicles of cultural heritage.

19. UNESCO is concerned by the threat faced by many languages of the world, which jeopardizes the cultural diversity that they embody. The 2002 edition of the *Atlas of the World's Languages in Danger of Disappearing*, published by UNESCO, reported that half of the 6,000 or so languages spoken in the world are endangered, and with them an irreplaceable dimension of our knowledge and understanding of human thought. The process whereby languages are disappearing is a continuous one, and not a new phenomenon. However, the past 30 years or so have seen a dramatic increase in the death or disappearance of languages, concurrently with the rapid spread of globalization.

20. To appropriately address what should be considered not only an irreversible loss for humanity and a reduction of the sum of human thought and knowledge, but also a factor of tension and potential conflict among communities, UNESCO has launched several programmes and activities aimed at the promotion of multilingualism and linguistic diversity, notably in the fields of culture, communication and education.

21. In this context, UNESCO has carried out priority actions, including the publication of the UNESCO *Red Book of Languages in Danger of Disappearing*, which covers seriously endangered languages in the South-Western Pacific, Siberia, Australia, Indonesia and Thailand, and the production of a database of endangered languages. The UNESCO *Atlas of the World's Languages in Danger of Disappearing* has also aroused much interest among scholars and journalists, and has become a reference book for the general public (an enhanced online version of the *Atlas* is currently being developed). Furthermore, in March 2003, in the framework of the follow-up to the Year for Cultural Heritage, UNESCO brought together experts from all over the world, including native speakers of endangered languages, with the aim of refining and re-targeting the organization's action in the field of endangered languages. Having analysed the situation in various regions of the world and examined existing resolutions and declarations covering the domain, the experts recommended a set of action plans that will inspire the work of UNESCO in the years to come.

22. Member States were encouraged, in particular, (a) to survey and profile languages found to be endangered, (b) to actively promote the recognition of endangered languages of their countries, (c) to encourage the documentation of endangered languages, (d) to create conditions to facilitate the active use of and access to those languages, (e) to foster speech communities' pride in their own languages and cultures, as well as to secure equal prestige for all languages of a State, (f) to explore the economic and social benefits of linguistic and cultural diversity, as a stimulus for sustainable development, and (g) to provide, where feasible and with assistance from the international community, funding for documentation, revitalization and strengthening programmes for endangered languages.

23. Yet action in this domain will need further reinforcement. It will be crucial to increase the awareness not only of Governments but also of civil society at large in regard to language endangerment in the contemporary world and the consequent need to respond by adopting well-founded multilingual approaches in future. The promotion of multilingualism is aimed at stressing the value of the cultural and linguistic diversity of the peoples of the world, and hence of the richness of the world's cultural heritage.

24. Finally, in the field of the safeguarding of the intangible cultural heritage, a partnership with the Discovery Channel has resulted in the production of a series of short films on nine endangered languages in various countries and the production of video recordings of the She and Manchu languages.

IV. Cultural heritage, dialogue and post-conflict intervention

25. The cultural heritage is increasingly targeted as the embodiment of collective memory when conflicts or outbreaks of intolerance occur. Intercultural dialogue now holds a key position in the international political agenda; hence the importance of the cultural component in the international fight against manifestations of intolerance and its most extreme forms, including terrorism. In order to make the dialogue of cultures a guarantee of peace, cooperation and development, the cultural heritage in pre- and post-conflict situations must be rehabilitated and efforts to secure intercommunity reconciliation must be achieved, combined with the strengthening of related standard-setting action and the establishment of new measures to introduce punishment for the destruction of the heritage.

26. We have witnessed in very recent years increased destruction of cultural heritage, which can become a prime target, especially in intra-State conflicts, for reasons of symbolism, identity, aggressiveness, misunderstanding and rejection. In the last decade or so, UNESCO has played a high-profile, leading role internationally in coordinating complex operations to safeguard heritage damaged or threatened by conflicts, with the assistance of many different partners, both public and private. Through its standard-setting action, carried out in parallel with its operational action, UNESCO has endeavoured to alert decision makers to the compelling need to ratify existing international instruments, particularly the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954. The establishment of dialogue and development will be the pillars of the strategy, which will be aimed at highlighting the role of cultural heritage in preserving and rebuilding peace after civil strife or armed conflict. In cases where the cultural heritage has become a target on account of its identity value, UNESCO

endeavours to bring together the various warring parties and populations concerned to encourage them to resume intercommunity dialogue through the reconstruction of their heritage. In some cases this will mean restoring the bonds between the population concerned, its history and its cultural affiliations, while in others it will mean helping to restore a sense of common ownership of the shared heritage that has been damaged or is a source of conflict. This will be done by retracing the various cultural components of the population and of the monuments representing each one of them.

27. The Year for Cultural Heritage witnessed the destruction of the Buddhas of Bamiyan by the Taliban in the latter part of 2002. UNESCO was faced with the challenge of handling the international community's outcry and responded with countless appeals and messages directed at the media, while simultaneously organizing complex missions to Afghanistan. Since then, UNESCO has coordinated all the international and bilateral activities to safeguard the cultural heritage of Afghanistan, as requested by the Afghan authorities and the member States. This has involved, inter alia, ensuring the functioning of the International Coordination Committee set up by a decision of the UNESCO Executive Board and the functioning of the secretariat of the cultural heritage, media and sports programme entrusted to it by the United Nations Assistance Mission in Afghanistan.

28. The role of UNESCO as a scientific and technical coordinator of complex operations aimed at preserving heritage threatened or damaged by conflict has been further enhanced and promoted during the Year for Cultural Heritage. This has been reflected in the increase in requests for emergency operations and technical assistance. The funding for such operations had to be met under the regular programme when the extrabudgetary funds raised were insufficient. Activities implemented in Afghanistan, Bosnia and Herzegovina, Cambodia and Palestine, for example, bring into play many different public and private sector partners, working together for the sake of safeguarding the cultural heritage.

29. However, even more importantly, experience has shown that cultural heritage can also play a significant role in building and preserving peace, notably following periods of armed conflict or civil strife. Though the heritage of a country, people or community can all too often become a target during conflict, owing to its significance as an expression of identity, it can also become a rallying point for former adversaries, enabling them to rebuild ties and dialogue and to redesign a common identity and future together.

30. The UNESCO strategy is to help re-establish the links between the populations concerned and their cultural history, helping them to develop a sense of common ownership of heritage that is a source of cultural identity for various segments of society. Early this year, UNESCO was entrusted by the Afghan Interim Administration with the role of coordinating all international efforts to safeguard Afghanistan's cultural heritage. That heritage is quite remarkable in its richness, diversity and historical influence. Afghanistan has been at the crossroads of cultures since time immemorial and was an important junction on the ancient Silk Route. Its distinctive cultural heritage reflects a history shaped by complex encounters between Achaemenid Persia, Alexandrian Greece, Buddhism, Hinduism and Islam, and it is therefore the living testimony of over 2,000 years of history and the expression of many different peoples, cultures and beliefs. UNESCO is engaged actively in mobilizing financial and technical resources to rehabilitate and strengthen the protection of Afghanistan's endangered cultural heritage. On the basis

of the recognition that cultural traditions and practices provide the most stable foundation for sustainable social and economic development, UNESCO is promoting the essential role of culture in the overall reconstruction process in Afghanistan.

31. UNESCO action for intercommunity reconciliation has also been carried out in South-East Europe, the Caucasus region, the Middle East, Cyprus, Cambodia, Timor-Leste and both countries of the Korean peninsula with a view to strengthening national capacities for heritage conservation and management. As part of its operations, UNESCO has sought particularly to promote the implementation and/or ratification of the 1954 Hague Convention and its two additional Protocols, through awareness, negotiation and training activities. Lastly, it has directed its efforts towards the preparation of a draft declaration concerning the intentional destruction of cultural heritage, thus aiming to strengthen the organization's international standard-setting action. The draft declaration will be submitted to the UNESCO General Conference for adoption in the fourth quarter of 2003.

32. In numerous operational projects, UNESCO demonstrated that cultural heritage could be an instrument for peace and reconciliation by organizing intercommunity reconciliation activities that focus on the joint safeguarding of heritage affected by conflicts. Foremost among these is the programme for the safeguarding and development of the site of Angkor, Cambodia, a site that is the emblem of a nation. Other projects include (a) workshops for conservation specialists from Georgia, Armenia and Azerbaijan, (b) the safeguarding of cultural sites of the Democratic People's Republic of Korea with the support of the Republic of Korea, (c) the start of reconstruction work on the Mostar Old Bridge in Bosnia and Herzegovina, jointly with the World Bank, (d) expert missions to Kosovo to evaluate the status of the heritage of the various communities and to make recommendations for its safeguarding, (e) the training of museum professionals in Timor-Leste as part of the project to create the Timor-Leste cultural centre and national museum, (f) the rehabilitation of the Kabul Museum and the sites of Bamiyan, Herat and Jam in Afghanistan and (g) studies for the restoration, in cooperation with UNDP, of two monuments in Cyprus, one Orthodox and the other Muslim.

33. Likewise, with the objective of fostering intercultural dialogue by encouraging positive convergence between cultures through the presentation and recognition of a common heritage and plural identities, UNESCO paid increased attention during the Year for Cultural Heritage to the tangible and oral heritage of Africa and the Caribbean related to the slave trade, with a view to establishing slavery museums in Angola, Liberia and the United Republic of Tanzania, and designing cultural tourism routes and documenting oral traditions related to the tragedy of slavery. This work will feed directly into the programme for 2004, proclaimed by the United Nations as the International Year to Commemorate the Struggle against Slavery and its Abolition. Under the plan aimed at fostering intercultural dialogue with the Arab region, a film on the Arab cultural heritage has been produced. With regard to the Mediterranean region, the project entitled Navigation of Knowledge was launched in May 2002. Subsidized by the European Union, it gathers scientists from nine countries of the region who share concerns about the underwater cultural heritage and the historic Mediterranean dockyards threatened by neglect.

V. Education on the value of cultural heritage, capacity-building and cooperation

34. Greater emphasis was also placed during the Year on enhancing educational activities targeting protection of cultural heritage. Through educational projects, UNESCO sought to mobilize young people to protect and promote cultural heritage while strengthening intercultural dialogue. Special attention was given to the wide distribution of heritage educational material, such as the education kit "World heritage in young hands", which was translated into more than 20 languages. To maximize the use of these kits, eight teacher-training seminars were organized in the Philippines, the Russian Federation, the Republic of Moldova, Ukraine, the Syrian Arab Republic, France, Slovakia and Sweden. A world heritage skills development course for young people in the Arab region was held at Petra, Jordan, in April 2002, and another one on mobilizing youth for world heritage was organized in Treviso, Italy, in November 2002. UNESCO also set up a web site on formal and informal arts education, containing the findings of regional consultations in Africa, Latin America and the Caribbean, Asia and the Pacific and the Arab region, with a view to assisting policy makers at the national and regional levels to frame their art policies. An International Conference on the theme "World heritage in young hands — a dialogue among civilizations" was held in Aswan, Egypt, in February 2002. Other initiatives currently being developed are focusing on multimedia educational material on specific World Heritage Sites, such as cartoon series and posters done "by the young for the young". Following the world heritage skills development course in Jordan, a manual illustrating best-practice examples is currently being finalized in collaboration with the International Centre for the Study of the Preservation and the Restoration of Cultural Property.

35. To increase capacity-building in this regard, UNESCO continued to assist States Parties to protect world heritage with training courses, seminars and other technical cooperation activities and on-site conservation of properties in Afghanistan, Algeria, Argentina, Bangladesh, Botswana, Brazil, Cambodia, China, Cuba, Djibouti, the Dominican Republic, the Democratic People's Republic of Korea, Egypt, Eritrea, Ethiopia, Fiji, India, Indonesia, the Islamic Republic of Iran, Iraq, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Laos, Lebanon, the Libyan Arab Jamahiriya, Malawi, Malaysia, Mauritania, Myanmar, Mongolia, Namibia, Nepal, Norway, Oman, Pakistan, Papua New Guinea, Paraguay, the Philippines, Qatar, Slovakia, Solomon Islands, Sri Lanka, the Syrian Arab Republic, Tajikistan, the United Republic of Tanzania, Tunisia, Turkmenistan, Uganda, Ukraine, Uruguay, Uzbekistan, Viet Nam, Yemen, Zambia and Zimbabwe.

36. Committed to the concept that culture, and especially cultural heritage, is a condition for sustainable development, UNESCO implemented various projects relating to the eradication of poverty, especially extreme poverty. Projects involved the development of cultural ecotourism in mountainous regions in selected developing countries, aimed at poverty eradication through tourism; the reduction of rural-urban migration and the preservation of cultural and natural heritage for the sustainable development of tourism in 10 countries of the Sahara region; traditional crafts as a window to job opportunities for the poorest youth, aimed at providing disadvantaged children and youth with skills imparting awareness of their cultural heritage; and a focus on unemployed youth, primarily in rural communities, with a view to the development of sustainable heritage tourism in selected countries of the Caribbean.

37. Focusing an enchanted, adulatory and nostalgic gaze on the past while turning a blind eye to the present and rejecting all idea of change is a perfectly sterile approach. That is why the founding concept of world heritage has led UNESCO along the path to sustainable development: "sustainable" both in the ecological sense and in the heritage sense. The World Summit on Sustainable Development stressed the need for culture to win its place as the fourth pillar of sustainable development, alongside economy, environment and social concerns. Such a conception of heritage calls for everyone to respect the enduring historical significance of sites, whether they be those included on the World Heritage List or others that, although of comparable significance, have not yet been listed — and may never be. The Year for Cultural Heritage helped reiterate firmly that World Heritage Sites should serve as an example and become conservation models for all sites, including those of more local interest. From the perspective of UNESCO, the objectives of the International Year of Mountains, promoted by Kyrgyzstan with the support of UNESCO, tied in perfectly with those of the Year for Cultural Heritage. The promotion of sustainable economic development in mountain regions is one clear point of intersection. Properly managed, cultural ecotourism can contribute to the preservation of culture and nature in mountains. There is a need, however, to develop guidelines on how such cultural ecotourism can benefit mountain communities, drawing upon the findings of pilot projects. UNESCO is currently implementing such a pilot project in the mountains of Central Asia. Project activities include training local people as tour guides, establishing community-based home-stay accommodation and training in the production of high-quality craft items. These activities, focused on young people and women, contribute directly to building the economic viability of isolated mountain communities as ecotourism destinations; at the same time, they reinforce local communities' cultural identities and promote dialogue with visitors from other cultures.

38. At its fifty-seventh session, on 4 December 2002, the General Assembly devoted one day of plenary meetings to marking the end of the United Nations Year for Cultural Heritage. Representatives of Member States from all geographic regions took the floor and reaffirmed the symbolic importance of the Year. They specifically underlined the common responsibility for cultural heritage and its role in promoting mutual understanding and in reconciling history with modern times, as well as the important role local communities have in safeguarding it. They further stressed the need for further progress in international legal protection of cultural heritage and called for international strategies and concerted action for its safeguarding. Pursuant to the discussion, on 16 December 2002, the General Assembly adopted resolution 57/158, by which, inter alia, it reaffirmed the importance of further developing international mechanisms for safeguarding and protecting the world cultural heritage and encouraged UNESCO to explore ways to intensify international cooperation in this regard. It also invited the Director-General of UNESCO to address and present to the General Assembly at its fifty-eighth session an overview of the activities undertaken during the Year for Cultural Heritage.

39. To further promote inter-agency cooperation in favour of cultural heritage in the framework of the Year for Cultural Heritage, the Director-General of UNESCO called a consultative meeting on 14 March 2002 of all the United Nations system's heads of agencies to discuss the theme "Cultural heritage: anchoring cultural diversity in sustainable development". It focused on enhanced mechanisms to sustain the world's cultural diversity; the role of cultural heritage in sustainable

development; cultural heritage as a factor for social cohesion, intercultural dialogue and reconciliation; and future cooperation among organizations of the United Nations system.

VI. Conclusions

40. **The experience gained by UNESCO over the years and the evolving content of the concept of cultural heritage have enabled it to renew its approach to world heritage. For UNESCO, protecting tangible and intangible cultural heritage means ensuring its capacity for renewal. It is therefore especially fitting that 2002 was designated by the United Nations as the Year for Cultural Heritage, thereby making a very real link with the UNESCO Universal Declaration on Cultural Diversity of 2001. Similarly, the thirtieth anniversary of the World Heritage Convention afforded an opportunity to identify future paths that will be explored, in particular the scope for strong partnerships between the public and private sectors and civil society. In this context, full importance must be accorded to the intangible heritage, which is still largely neglected in favour of the monumental vision of heritage. That is why UNESCO will be working actively to promote the preservation of the intangible cultural heritage and to make it an integral part of preservation policies, since it constitutes a key component of cultural diversity and human creativity. The gradual loss of such heritage and its vulnerability to the impact of globalization call for a great effort on the part of UNESCO, which will aim to combine efforts under various approaches in order to keep it alive by making young people, in particular, aware of the values of cultural heritage.**

41. **Above the door of the Kabul Museum, persons unknown wrote the message, "A nation is alive when its culture is alive". This statement could almost have been taken as the motto for the United Nations Year for Cultural Heritage. There are numerous examples showing that new approaches to the management of cultural heritage to promote economic growth actually create employment opportunities for local populations in crafts, cultural tourism and new trades that emerge.**

42. **Safeguarding cultural heritage does not imply solely preserving cultural monuments, but also reviving living culture worldwide, traditional festivals, performing arts and crafts, re-establishing theatres and cinemas, and promoting cultural industries in order to help people to recover their cultural identity, preserve their timeless traditions and invigorate their artistic and intellectual creativity.**

43. **The results of the United Nations Year for Cultural Heritage will not be immediately measured, but it can no doubt be affirmed that it offered a unique opportunity to raise awareness of the importance of safeguarding cultural heritage worldwide. It provided the opportunity to discover and better understand our own and other peoples' cultural heritage, and the need to protect, cherish, restore and preserve it.**

United Nations A/58/403

General Assembly

Distr.: General
2 October 2003

Original: English

Fifty-eighth session
Agenda item 121
Programme budget for the biennium 2004-2005

Proportion of General Service staff to Professional staff in the regional commissions

Report of the Secretary-General*

Summary

The present report has been prepared pursuant to paragraphs 72 and 73 of General Assembly resolution 56/253 of 24 December 2001, concerning the proportion of General Service posts compared to Professional posts in the regional commissions. The review confirms that a higher overall ratio of General Service to Professional posts exists in four of the regional commissions than in other economic and social departments. This is a result of the broader coverage of services under the programme support component in the regional commissions, which include not only the traditional support functions, such as finance, budgeting, management and personnel administration, but also the management of technical cooperation programmes, conference and library services, security and safety and other services. While investment in information technology will eventually lead to improvements in the efficiency of support services, most regional commissions continue to rely heavily on their own staff for support services owing to a limited availability of outsourcing opportunities in their localities.

* The present report was submitted late owing to competing workload demands.

03-54049 (E) 201003

I. Introduction

1. The present report has been prepared pursuant to paragraphs 72 and 73 of General Assembly resolution 56/253 of 24 December 2001, in which the Assembly:

(a) Noted with concern the high proportion of General Service posts compared to Professional posts in the regional commissions, and requested the Secretary-General to report to the General Assembly at its fifty-seventh session on efforts undertaken, as appropriate;

(b) Noted paragraph VI.14 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/56/7), and requested the Secretary-General, as a general principle, to keep under review the ratio between General Service staff and Professional staff, taking into account the impact on the Organization of the investments in new technologies and bearing in mind the differentiated mandates and programmes of work of the various duty stations.

2. In paragraph V.10 of its report (A/56/7), the Advisory Committee noted the high ratio in the Economic Commission for Africa (ECA) of staff in the General Service and other categories to staff in the Professional category and above. In the opinion of the Committee, the steady introduction of new work methods using modern technology might well reduce this ratio. The Committee requested that a review be undertaken and that, as appropriate, measures be introduced to reduce the ratio of General Service to Professional staff in ECA. The Committee also requested the Secretary-General to report, in the context of the next budget submission, on the steps taken.

3. It is also recalled, in this connection, that in its first report on the proposed programme budget for the biennium 2000-2001 (A/54/7, para. V.15), the Advisory Committee on Administrative and Budgetary Questions noted that the components of programme support in the regional commissions include conference and library services, and management of technical cooperation in addition to traditional support functions, such as budgeting, management and personnel administration. The Committee was of the view, therefore, that as more modern technology and innovations were applied to automate support activities, the number of posts associated with those services should stabilize, allowing more resources to be released to substantive activities.

II. Analysis of the current situation

4. In order to review the situation, information was gathered from each of the regional commissions, as well as from the United Nations Conference on Trade and Development (UNCTAD) and the Department of Economic and Social Affairs, on the number of staff assigned to each function within the General Service and related categories for the bienniums 1998-1999, 2000-2001 and 2002-2003. Each office or department also estimated resources applied towards technology and innovation to automate support activities during these periods, and which therefore could possibly impact the number of General Service staff assigned to support functions.

5. Detailed review confirms the existence of an overall higher ratio of General Service staff to Professional staff within the regional commissions than in UNCTAD and the Department of Economic and Social Affairs. More specifically, four of the

commissions reflect a higher proportion of General Service staff to Professional staff compared to the Department of Economic and Social Affairs and UNCTAD, as shown in table 1 below.

Table 1
Ratio of General Service posts to Professional posts, 2002-2003

ECA	1.7
Economic and Social Commission for Asia and the Pacific (ESCAP)	1.9
Economic Commission for Europe (ECE)	0.7
Economic Commission for Latin America and the Caribbean (ECLAC)	1.6
Economic and Social Commission for Western Asia (ESCWA)	1.5
Department of Economic and Social Affairs	0.8
UNCTAD	0.8

These staff provide support to each of the commissions in areas such as conference and library services, general operating support, security and safety and management of technical cooperation, in addition to traditional support functions, such as budgeting, management and personnel administration. The number of staff providing support in these areas in the commissions substantially exceed the number of General Service staff in other departments and offices in New York, Geneva, Vienna and Nairobi, where support is centrally provided for a number of offices at each location. However, while significantly higher ratios exist in the four regional commissions for these non-secretarial functions, the ratio of General Service staff to Professional staff across secretarial functions are much more comparable across the offices reviewed, as shown in table 2 below.

Table 2
Ratio of secretarial General Service posts to Professional posts, 2002-2003

ECA	0.5
ESCAP	0.8
ECE	0.6
ECLAC	0.6
ESCWA	0.7
Department of Economic and Social Affairs	0.5
UNCTAD	0.3

Thus, the higher proportion of General Service staff in the regional commissions is directly related to the large number of non-secretarial staff required in the regional commissions, which have to rely on their own support services.

6. Annexes I to III to the present report contain detailed information on secretarial and non-secretarial General Service staff and the ratio of General Service staff to Professional staff, and the share of equipment and telecommunication resources (financed from the regular budget and extrabudgetary resources) per one General Service post in the five regional commissions and in the Department of

Economic and Social Affairs and UNCTAD for the bienniums 1998-1999, 2000-2001 and 2002-2003.

7. From a comparative analysis of the information compiled from those regional commissions that provide their own support services (ECA, ESCAP, ECLAC and ESCWA), and similar information compiled for ECE, the Department of Economic and Social Affairs and UNCTAD, the following conclusions may be made:

(a) While the ratio of a General Service secretarial component to Professional staff is similar across the offices reviewed, the non-secretarial component in the four regional commissions that rely on their own support services (ECA, ESCAP, ECLAC and ESCWA), is much larger than in ECE, the Department of Economic and Social Affairs and UNCTAD, which receive support from common support services from the Department of Management and from the United Nations Office at Geneva;

(b) The ratio of non-secretarial General Service staff relative to Professional staff is not excessive in any particular regional commission. ECA, ESCAP, ECLAC and ESCWA have ratios that range from 0.9 to 1.2, while similar ratios for ECE, the Department of Economic and Social Affairs and UNCTAD range from 0.1 to 0.5;

(c) The ratio of non-secretarial staff to Professional staff in all these offices, and consequently the need for establishing and maintaining support service capacities also depends on the local situation and the current stage of development of infrastructure and commercial services in the country of the office location. For instance, the degree to which support services may be contracted and outsourced differs between regional commissions.

III. Situation in regional commissions with higher ratio of General Service to Professional posts (Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America and the Caribbean and Economic and Social Commission for Western Asia)

Economic Commission for Africa

8. Addis Ababa is a unique duty station that requires different approaches to staffing. The existing proportion of General Service (local level) posts to Professional posts reflects the challenges involved in operating in the duty station. The specific areas that are unique are as follows:

(a) Owing to the security situation in the country, there is a need for a higher number of security staff at the local level than at the Professional level;

(b) Owing to an underdeveloped private sector, cleaning services cannot be outsourced, hence a large number of cleaners have been on the staffing table for several years;

(c) Most of the local staff, employed under the General Service category, is involved in the provision of services that could not be provided otherwise, e.g., drivers, building maintenance technicians, conference services.

9. Investments in information technology may have an impact on staff ratios in some cases. The major area, which could be affected in due time by information technology development is that of secretarial support.

Economic and Social Commission for Asia and the Pacific

10. ESCAP has 1.7 General Service staff posts for each Professional staff post funded by regular budget resources. In the programme of work area, ESCAP requires two major categories of posts: (a) administrative and secretarial assistance; and (b) research and other specially qualified staff in particular subprogrammes such as statistical assistance.

11. The ratio of General Service posts to professional posts in the programme of work area has been relatively constant over the past biennium. An increased workload in the substantive area, owing to the decentralization of administrative and budgetary control to the programme managers, has been compensated by productivity gains, hence stabilizing the overall General Service to Professional posts ratio in the programme of work area.

12. In the programme support area, the higher ratio of General Service to Professional staff posts is in particular required for non-secretarial assistance. In an effort to gradually reduce the support services, ESCAP redeployed seven General Service staff posts from the programme support area to the programme of work area in the programme budget for the biennium 2002-2003 to strengthen information technology and research services in the substantive areas. However, with the implementation of General Assembly resolution 56/286 on 27 June 2002 on strengthening the security and safety of United Nations premises, the ratio has been affected owing to the increased requirements for 30 additional security officer posts in 2003.

Economic Commission for Latin America and the Caribbean

13. The number of staff in non-secretarial functions reflects a modest but steady decline. While the total numbers do not show any change in work assignments of General Service staff, it should be pointed out that a number of posts in support areas have been redefined and redeployed to substantive areas to support the programme of work. It should be noted that the number of General Service posts decreased in 2002-2003 in comparison with 1998-1999. The abolition of some support functions has been made possible where outsourcing of services has proved efficient and cost effective.

14. As regards modern technology and innovation, resources available under the regular budget have experienced a decrease significantly affecting the purchase of electronic-data-processing equipment, installation and maintenance. While ECLAC has resorted to the use of extrabudgetary resources, the modest resource level under the latter source of funds has been insufficient even to partially offset the shortfall. In the current circumstances almost 60 per cent of the electronic-data-processing-related inventory is already over four years old and in need of replacement. It is estimated that if the resource base were brought back to 2000-2001 amounts during the current or next biennium, it would still be insufficient to keep pace with a three-year replacement policy. A significant proportion of the resources have been used to address priority

needs such as management information systems (i.e., the Integrated Management Information System). A similar effect has occurred in the resources for purchase of information and telecommunications equipment. Budget constraints, which have materially affected the resource base for the purchase of electronic-data-processing equipment, have not made it possible to intensify the introduction of technological innovations, which might have released a larger number of support posts.

Economic and Social Commission for Western Asia

15. At the beginning of 2002, the Executive Secretary of ESCWA embarked on a restructuring exercise to reduce the number of posts in the programme support component in order to release resources to the substantive areas, thereby strengthening those areas. The exercise resulted in the increase of 1 P-3 post and the reduction of 15 local level posts in the programme support area. The additional P-3 post was assigned to Conference Services as a step towards strengthening the section in response to paragraph 20, section III, of General Assembly resolution 57/283 of 15 April 2003 to ensure fully the issuance of all documents and publications of ESCWA in Arabic. The resulting ratio of General Service posts to Professional posts in ESCWA support areas is much improved but any further reduction in the number of General Service staff would have a negative impact on the delivery of services to programme areas.

IV. Conclusion

16. **The higher ratio of General Service to Professional staff within the regional commissions, except for ECE, is a result of the broader coverage of services under the programme support component in the regional commissions, which includes the traditional support functions, as well as the management of the technical cooperation programme, conference and library services, security and safety and other services. While the ratio of General Service to Professional staff has generally remained much the same for three bienniums, there is a trend to replacement of low-qualified trade and craft General Service staff by computer and information technology skilled personnel. However, this is a long process, in which full results cannot be achieved in a short period of time. While investment in information technology will eventually lead to improvements in the efficiency of support services, most regional commissions continue to rely on their own support services owing to a number of conditions prevailing in the locality. Moreover, it is difficult to define an optimal post structure for any regional commission, because each of them must be viewed as a separate entity to ensure that the requisite resources are available for implementation of mandated activities.**

V. Recommendation

17. **The General Assembly may wish to take note of the present report.**

Annex I

Analysis of the number of General Service staff relative to Professional staff and technology and innovation resources (total regular budget and extrabudgetary)

	ECA			ESCAP			ECE			ECLAC			ESCWA			Department of Economic and Social Affairs			UNCTAD		
Occupational group	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03
Professional and above	**239**	**247**	**242**	**173**	**175**	**177**	**121**	**118**	**122**	**219**	**202**	**204**	**104**	**104**	**107**	**311**	**310**	**322**	**240**	**240**	**235**
General Service categories																					
Secretarial support	132	139	120	129	127	135	75	74	72	121	125	119	68	66	76	181	184	172	110	87	72
Non-secretarial																					
Conference services	22	17	17	57	58	55	1	1	1	72	64	63	27	26	23	25	23	22	16	16	18
Personnel services	19	19	19	19	20	19	1	1	1	12	15	15	8	10	8	11	12	13	8	8	8
Financial services	23	23	23	21	21	21	2	2	2	21	23	23	8	8	8	12	14	15	8	8	8
General services	18	15	18	71	68	63	2	3	3	66	64	63	32	32	28	1	1	1	7	8	8
Electronic support services	5	5	6	16	14	16	2	2	2	21	22	24	7	7	8	21	19	19	11	11	11
Security and safety services	40	44	44	25	27	27	0	0	0	16	16	16	12	13	13	0	0	0	0	0	0
Other	165	176	161	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25	52	61
Total non-secretarial	**292**	**299**	**288**	**209**	**208**	**201**	**8**	**9**	**9**	**208**	**204**	**204**	**94**	**96**	**88**	**70**	**69**	**70**	**75**	**103**	**114**
Total General Service categories	**424**	**438**	**408**	**338**	**335**	**336**	**83**	**83**	**81**	**329**	**329**	**323**	**162**	**162**	**164**	**251**	**253**	**242**	**185**	**190**	**186**
Ratio of General Service to Professionals and above	1.8	1.8	1.7	2.0	1.9	1.9	0.7	0.7	0.7	1.5	1.6	1.6	1.6	1.6	1.5	0.8	0.8	0.8	0.8	0.8	0.8
Ratio of secretarial General Service to Professionals and above	0.6	0.6	0.5	0.7	0.7	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.7	0.6	0.6	0.5	0.5	0.4	0.3
Ratio of non-secretarial General Service to Professionals	1.2	1.2	1.2	1.2	1.2	1.1	0.1	0.1	0.1	0.9	1.0	1.0	0.9	0.9	0.8	0.2	0.2	0.2	0.3	0.4	0.5
Technology and innovation resources (thousands of United States dollars)																					
(a) EDP equipment	2 236.8	4 854.0	1 444.2	1 380.3	892.3	756.0	119.0	119.0	115.0	2 609.1	2 077.9	1 882.2	831.5	754.6	547.7	1 580.6	2 035.0	1 633.1	2 926.5	2 517.3	2 259.0
(b) Information and communications equipment	111.3	251.4	189.5	30.6	80.2	63.0	15.0	6.0	1.0	241.7	262.3	213.6	52.6	161.0	158.0	0.0	0.0	0.0	820.4	667.9	692.7
Total equipment	**2 348.1**	**5 105.4**	**1 633.7**	**1 410.9**	**972.5**	**819.0**	**134.0**	**125.0**	**116.0**	**2 850.8**	**2 340.2**	**2 095.8**	**884.1**	**915.6**	**705.7**	**1 580.6**	**2 035.0**	**1 633.1**	**3 746.9**	**3 185.2**	**2 951.7**
Equipment resources per 1 post (thousands of United States dollars)	3.5	7.5	2.5	2.8	1.9	1.6	0.7	0.6	0.6	5.2	4.4	4.0	3.3	3.4	2.6	2.8	3.6	2.9	8.8	7.4	7.0

Annex II

Analysis of the number of General Service staff relative to Professional staff and technology and innovation resources (regular budget)

	ECA			ESCAP			ECE			ECLAC			ESCWA			Department of Economic and Social Affairs			UNCTAD		
Occupational group	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03
Professional and above	213	218	219	171	173	175	114	115	119	181	182	186	104	104	107	287	287	303	227	231	226
General Service categories																					
Secretarial support	106	105	105	99	98	106	74	73	71	113	116	113	68	66	76	171	175	171	104	83	71
Non-secretarial																					
Conference services	22	17	17	56	57	54	1	1	1	70	63	61	27	26	23	25	23	22	16	16	16
Personnel services	14	14	14	15	16	15	1	1	1	12	14	14	8	10	8	4	4	5	5	5	5
Financial services	17	17	17	17	17	17	2	2	2	20	22	23	8	8	8	7	8	8	6	5	5
General services	18	15	18	70	67	62	1	2	2	61	61	60	32	32	28	1	1	1	2	2	2
Electronic support services	5	5	6	14	14	16	2	2	2	20	21	22	7	7	8	20	19	19	11	11	11
Security and safety services	40	44	44	25	27	27	0	0	0	14	14	14	12	13	13	0	0	0	0	0	0
Other	121	129	126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22	49	56
Total non-secretarial	237	241	242	197	198	191	7	8	8	197	195	194	94	96	88	57	55	55	62	88	97
Total General Service categories	343	346	347	296	296	297	81	81	79	310	311	307	162	162	164	228	230	226	166	171	168
Ratio of General Service to Professionals and above	1.6	1.6	1.6	1.7	1.7	1.7	0.7	0.7	0.7	1.7	1.7	1.7	1.6	1.6	1.5	0.8	0.8	0.7	0.7	0.7	0.7
Ratio of secretarial General Service to Professionals and above	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.7	0.6	0.6	0.6	0.5	0.4	0.3
Ratio of non-secretarial General Service to Professionals	1.1	1.1	1.1	1.2	1.1	1.1	0.1	0.1	0.1	1.1	1.1	1.0	0.9	0.9	0.8	0.2	0.2	0.2	0.3	0.4	0.4
Technology and innovation resources (thousands of United States dollars)																					
(a) EDP equipment	2 236.8	4 854.0	1 444.2	1 333.0	881.6	717.9	101.0	106.0	91.0	2 457.3	1 843.2	1 677.4	831.5	754.6	547.7	1 556.9	1 985.0	1 581.1	886.9	981.3	730.4
(b) Information and communications equipment	111.3	251.4	189.5	30.6	80.2	63.0	15.0	6.0	1.0	205.2	223.8	185.1	52.6	161.0	158.0	0.0	0.0	0.0	140.5	155.7	183.2
Total equipment	2 348.1	5 105.4	1 633.7	1 363.6	961.8	780.9	116.0	112.0	92.0	2 662.5	2 067.0	1 862.5	884.1	915.6	705.7	1 556.9	1 985.0	1 581.1	1 027.4	1 137.0	913.6
Equipment resources per 1 post (thousands of United States dollars)	4.2	9.1	2.9	2.9	2.1	1.7	0.6	0.6	0.5	5.4	4.2	3.8	3.3	3.4	2.6	3.0	3.8	3.0	2.6	2.8	2.3

Annex III

Analysis of the number of General Service staff relative to Professional staff and technology and innovation resources (extrabudgetary)

	ECA			ESCAP			ECE			ECLAC			ESCWA			Department of Economic and Social Affairs			UNCTAD		
Occupational group	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03	98-99	00-01	02-03
Professional and above	**26**	**29**	**23**	**2**	**2**	**2**	**7**	**3**	**3**	**38**	**20**	**18**	**0**	**0**	**0**	**24**	**23**	**19**	**13**	**9**	**9**
General Service categories																					
Secretarial support	**26**	**34**	**15**	**30**	**29**	**29**	**1**	**1**	**1**	**8**	**9**	**6**	**0**	**0**	**0**	**10**	**9**	**1**	**6**	**4**	**1**
Non-secretarial																					
Conference services	0	0	0	1	1	1	0	0	0	2	1	2	0	0	0	0	0	0	0	0	0
Personnel services	5	5	5	4	4	4	0	0	0	0	1	1	0	0	0	7	8	8	3	3	3
Financial services	6	6	6	4	4	4	0	0	0	1	1	0	0	0	0	5	6	7	2	3	3
General services	0	0	0	1	1	1	1	1	1	5	3	3	0	0	0	0	0	0	5	6	6
Electronic support services	0	0	0	2	0	0	0	0	0	1	1	2	0	0	0	1	0	0	0	0	0
Security and safety services	0	0	0	0	0	0	0	0	0	2	2	2	0	0	0	0	0	0	0	0	0
Other	44	47	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	5
Total non-secretarial	**55**	**58**	**46**	**12**	**10**	**10**	**1**	**1**	**1**	**11**	**9**	**10**	**0**	**0**	**0**	**13**	**14**	**15**	**13**	**15**	**17**
Total General Service categories	**81**	**92**	**61**	**42**	**39**	**39**	**2**	**2**	**2**	**19**	**18**	**16**	**0**	**0**	**0**	**23**	**23**	**16**	**19**	**19**	**18**
Ratio of General Service to Professionals and above	3.1	3.2	2.7	21.0	19.5	19.5	0.3	0.7	0.7	0.5	0.9	0.9	0.0	0.0	0.0	1.0	1.0	0.8	1.5	2.1	2.0
Ratio of secretarial General Service to Professionals and above	1.0	1.2	0.7	15.0	14.5	14.5	0.1	0.3	0.3	0.2	0.5	0.3	0.0	0.0	0.0	0.4	0.4	0.1	0.5	0.4	0.1
Ratio of non-secretarial General Service to Professionals	2.1	2.0	2.0	6.0	5.0	5.0	0.1	0.3	0.3	0.3	0.5	0.6	0.0	0.0	0.0	0.5	0.6	0.8	1.0	1.7	1.9
Technology and innovation resources (thousands of United States dollars)																					
(a) EDP equipment	0.0	0.0	0.0	47.3	10.7	38.1	18.0	13.0	24.0	151.8	234.7	204.8	0.0	0.0	0.0	23.7	50.0	52.0	2 039.6	1 536.0	1 528.6
(b) Information and communications equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.5	38.5	28.5	0.0	0.0	0.0	0.0	0.0	0.0	679.9	512.2	509.5
Total equipment	**0.0**	**0.0**	**0.0**	**47.3**	**10.7**	**38.1**	**18.0**	**13.0**	**24.0**	**188.3**	**273.2**	**233.3**	**0.0**	**0.0**	**0.0**	**23.7**	**50.0**	**52.0**	**2 719.5**	**2 048.2**	**2 038.1**
Equipment resources per 1 post (thousands of United States dollars)	0.0	0.0	0.0	1.1	0.3	0.9	2.0	2.6	4.8	3.3	7.2	6.9	0.0	0.0	0.0	0.5	1.1	1.5	85.0	73.2	75.5

United Nations A/58/404

General Assembly

Distr.: General
2 October 2003

Original: English

Fifty-eighth session
Agenda item 121
Proposed programme budget for the biennium 2004-2005

Implementation of projects financed from the Development Account: third progress report

Report of the Secretary-General*

Summary

The present report is submitted pursuant to General Assembly resolution 56/237, in which the Assembly decided to continue to keep the implementation of the Development Account under review and requested the Secretary-General to submit a report on the subject. The Advisory Committee on Administrative and Budgetary Questions in its report (A/57/7/Add.5), recommended that this report be submitted in the context of the presentation of the proposed programme budget for the biennium 2004-2005.

The report provides information on lessons learned, assesses the preliminary impact of the completed projects and provides thematic reviews of projects' activities in the areas of statistics and sustainable development.

* The present report was submitted late owing to competing workload demands.

03-53989 (E) 221003

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I. Introduction

1. The Development Account projects are an integral part of the technical cooperation activities of the economic and social entities of the United Nations. Activities under the Account aim at capacity-building through subregional, regional and interregional economic and technical cooperation among developing countries, implemented as individual projects aimed at achieving distinct development impact. The projects serve as a natural extension to the normative and policy activities of the implementing agencies in their follow-up to United Nations conferences and summits in economic and social affairs. Projects are executed by economic and social departments and offices and by the regional economic commissions.[1] The Under-Secretary-General for Economic and Social Affairs acts as Programme Manager of the Account.

2. To date, the General Assembly has approved 43 projects for a total amount of $39.2 million.[2] An additional 23 projects are proposed for approval for the fourth tranche of the Development Account under section 35 of the proposed programme budget for the biennium 2004-2005 (A/58/6 (Sect. 35)). It would bring the total amount of funding under the Account to $52.3 million. The following table summarizes the overall position of projects financed or to be financed under the Account.

Development Account projects as at 30 June 2003

Tranche	*Biennium for project initiation*	*Number of projects*	*Number of completed projects*	*Percentage of overall project resources utilized*
1	1998-1999	7	4	80
2	2000-2001	16	5[a]	76.5
3	2002-2003	20	-	36.3
4	2004-2005	23	-	-
Total		**66**	**9**	

[a] An additional four projects are close to completion.

3. As at 30 June 2003, the seven projects of the first tranche had utilized 80 per cent of allotted resources. Four of those projects had been or were about to be completed and the remaining three were expected to be finished by the end of 2003. The second tranche has spent 76.5 per cent of allocated resources. Of the 16 projects, 5 had completed, 4 were close to completion and 7 will be completed during the course of 2004. The third tranche, launched in 2002, has an implementation rate of 36.3 per cent. Three projects were well advanced, showing expenditures of over 70 per cent, 11 projects were on schedule, while 3 had a rate below 15 per cent and two projects were only just starting. Details on the status of specific projects are contained on the dedicated Development Account web site at: www.un.org/esa/devaccount/.

4. The information contained in the present report is based on progress reports of the executing agencies on the status of activities as at 31 July 2003.

II. Lessons learned

5. A preliminary review of lessons learned from the execution of projects under the first three tranches is presented in the present section of the report. The criteria established by the General Assembly in its resolutions 53/220 A and B guided the review. In those resolutions, the Assembly stressed that the implementation of projects should have a demonstrated impact in building national capacity, and that particular attention should be given to the utilization of technical, human and other resources available in developing countries. The Assembly also emphasized that the projects should have multiplier effects.

6. Projects funded from the Development Account seek to enhance the contribution of local expertise available in developing countries through the establishment of and support to effective networks of knowledge. The Development Account projects emphasize the importance of building knowledge networks using newly available technologies that allow developing countries to access directly guidance and good practice information. Distance learning is another effective tool to acquire and share knowledge. The Development Account projects develop local, national and subregional networks with the purpose of facilitating the informal sharing of knowledge, skills and experiences on key development issues. While traditional means of transferring skills and knowledge such as workshops, fellowships and advisory missions are used, internet-based communication technologies are also often utilized to amplify the impact of subregional and regional networks and link them to relevant global networks. Capacity-building through networking of local expertise creates collaborative opportunities often beyond those originally envisioned by project designers. For example, networks may set up additional regional and interregional links, contribute to capacity-building in related fields or create requests for further networking and/or technical assistance.

7. Properly functioning networks are indirect yet powerful agents for change. A network of decision-makers dealing with environmental issues in West Africa raises awareness and provides momentum to the process of implementing sustainable environmental policies. Knowledge acquired in accession training events organized by the World Trade Organization (WTO) assisted in the formation of core human resources in least developed countries and other acceding countries. The implementation of a drug monitoring and management system fostered the development of a rapidly growing interregional network of over 30 countries, facilitated compliance with the requirements of drug control conventions and paved the way for parties in the network to introduce other e-governance systems. Informal networks of government officials and experts built during subregional workshops in strategic planning and management of natural resources facilitated the cross-fertilization of ideas and thinking on the planning of national level activities.

8. Multiple capacity-building demands compete for limited resources available in the Development Account. In light of the experience of the first two tranches, the Programme Manager set an average project size at about $600,000, a relatively modest budget but commensurate with expected accomplishments. It was also designed to generate incentives to search for the most economical solutions, and to pool the resources, skills and knowledge of local, subregional and international parties.

9. Successful models may be replicated in other subregions. At the same time, inferior performance provides economical yet valuable lessons for future programme planning. Many project activities may be replicated by scaling up or down, subject to demand. Distance learning courses may be administered to either 1 or 100 students. Environmental management workshops developed for oil producers in West Asia may be replicated for future projects in Central Asia. Web-based networks may accommodate 25 or 2,255 participants. Knowledge and skills compiled by a network of statisticians from Latin America may be shared with a network in south-east Asia or Africa.

10. Projects dedicated primarily to the creation of internet-based networks such as the one on global drug control appear to succeed if the project web site is continually maintained and there is a clear responsibility for the maintenance and survival of the network so that the network remains harmonized and effective and to ensure the continued functioning of a specific software package. Web databases such as those developed to track urban ground water pollution will only be effective, useful and sustainable if they are maintained and updated.

11. In implementing projects, the executing agencies are increasingly encouraged to establish collaborative relationships or partnerships with various interested parties with a view to multiplying effects of main activities through sharing capacities and strengthening skills. The number of jointly executed projects has increased dramatically from zero in the first tranche to 12 in the fourth. Building partnerships is a challenging task. While the United Nations system increasingly views partnerships between the United Nations, Governments and civil society as a useful and effective means to advance development goals, Development Account projects offer particularly interesting opportunities to experiment with setting up collaborative arrangements at the local and subregional levels. Encouraging partnerships and sharing lessons learned should continue to be important modalities of the implementation of projects.

12. Development Account projects draw on information and communications technologies that have potential to be utilized beyond the scope of the project activities. The capacity of information and communications technologies introduced for the creation of a south-east Asian statistical network significantly improved related work processes, productivity, and provides access to non-project related materials in national offices of select countries. Projects promoting information and communications technologies for e-commerce in Africa have served to explore the potential benefits of open source and free software. Web-based interactive tools for the benchmarking of national investment policies have enabled policy makers to assess the strengths and weaknesses of their investment policy/climate compared with other countries and in relation to their national development objectives, while such tools also contribute to enhancing the quality of national human resources. Geographic information systems skills developed for the drawing of urban environmental vulnerability maps may be used in projects monitoring urban poverty, while information and communications technologies enables geographic information systems technicians continually to enhance and update their skills via distance learning.

13. Projects have to identify specific national and regional needs to complement and enhance ongoing capacity-building activities in each region. A sustainable waste management project may need to build relevant local institutions in order to achieve

its expected accomplishments. On the other hand, a hydro-geological project may need to address different capacity-building needs as some target countries may require technical assistance to provide them with basic information and communications technologies capability, while other countries may require assistance in acquiring software packages and related technical training.

14. In several projects, software or computer programming was the main focus of technical assistance. Examples include geographic information systems for urban poverty and urban ground water pollution mapping, the investment compass for benchmarking investment policy and debt sustainability models for debt sustainability analysis. In other cases, the provision of basic computer equipment was critical for successful execution of project activities.

III. Impact of completed projects

15. The first several projects have been completed. The present section of the report contains highlights of four selected projects.

16. A project of the Department of Economic and Social Affairs on research networks for policy analysis strengthened the capacity of African research institutions in policy analysis, particularly in relation to effects of regional and international developments on domestic economic conditions. It substantially enhanced interaction and cooperation between modellers and policy makers and improved the knowledge of modelling specialists in 15 southern African countries. It helped develop and nurture an independent network of expertise in Africa on economic modelling. The network is sustained through an institutional link with the University of Pretoria and an operational link with the African Institute for Economic Modelling, which will run the African Learning Information Networking and Knowledge (LINK) Centre. Strong interest in supporting the newly created network has been shown by a number of bilateral and multilateral donors (the International Development Exchange Programme, the International Development Research Centre, the World Bank and Norway). Building on the success of the project's training activities, the University of Pretoria is considering launching a postgraduate programme on macroeconomic modelling.

17. An UNCTAD project on enhancing capacity of countries to effectively integrate into the multilateral trading system assisted Governments of 18 countries (including six least developed countries), in their process of accession to WTO. Its immediate effect has been better readiness of the negotiating teams in acceding countries for WTO working parties on accessions. Knowledge acquired through training events, seminars and workshops have strengthened national human resources engaged in the international trade negotiations. The project has set up viable coordination frameworks with the participation of key stakeholders in pro-development trade policies such as governments representatives, the private sector and academia. UNCTAD activities under the project have also resulted in the formulation of more comprehensive and sustainable medium and longer-term trade policies. The project has also received additional support from a number of bilateral donors (United Kingdom of Great Britain and Northern Ireland, Norway and Portugal).

18. A project of the United Nations Office on Drugs and Crime on an information and communications technologies system for international and national drug control,

successfully implemented a Development Account developed system, called the National Database System, in 30 countries across the world, ranging from the Americas, Europe, Africa, West Asia, Central Asia, South Asia and Australia, and will provide support to an additional 20 countries. The establishment of a unified information management system for drug control on a global scale is improving coordination among Governments at the national, regional and international levels. The strategy also assists Governments in complying with the requirements of the 1961, 1972 and 1988 drug control conventions, and paving the way for the introduction of other e-governance systems. The project has received support from Switzerland, France and Canada. As it has achieved broad acceptance and a substantial level of implementation, regional organizations have expressed their support for the efforts of the Office in establishing a unified single system for drug control like the Inter-American Drug Abuse Control Commission in April 2003.

19. The United Nations Online Network in Public Administration and Finance (UNPAN), established by the Department of Economic and Social Affairs, fosters exchange of information and good practices in public administration and finance, and is specifically for the use of experts in developing countries and economies in transition. As at July 2003, more than 43 per cent of the users are from those countries. The Network has become one of the most valuable and popular sources of information on public administration currently available with nearly 1.7 million hits per month. Since its launch, quality and quantity of the contents posted have improved and expanded dramatically. Currently, more than 10,000 documents are posted and can be accessed. UNPAN is working with its regional contacts to widen the use of databases in Africa, Asia, Central Eastern Europe and the Middle East. Based on a recent survey, 72 per cent of its users consider UNPAN excellent or good. The General Assembly, in its resolution 57/277 of 20 December 2002, reiterated its appreciation for the role that UNPAN performed in promoting information sharing and exchange of experiences and in building the capacities of developing countries to utilize information communication technologies for that purpose. The United Nations Committee of Experts on Public Administration stressed the importance of capitalizing on the success of UNPAN by expanding its reach to the subregional level.

IV. Thematic evaluations

20. As requested by the Advisory Committee on Administrative and Budgetary Questions (A/57/7/Add.5), preliminary thematic evaluations have been undertaken under two large clusters of projects, sustainable development and statistics. These reviews looked into various aspects of project execution, such as design, whether projects achieved their proposed objectives and outputs, the extent that networking and capacity-building have a long-term impact on its beneficiaries, and possible lessons learned.

A. Sustainable development

21. A sample of six projects[3] was chosen for the review of impact in the area of sustainable development. The sampled projects were a natural outgrowth of the normative and policy activities of the implementing agencies on sustainable

development, and were designed as a follow-up to the United Nations conferences and summit meetings in this area, particularly the United Nations Conference on Environment and Development and Agenda 21. Most focused on assisting countries to prepare for the World Summit on Sustainable Development. They did so by helping Governments and academic institutions in developing countries keep a broader perspective of the world economic realities and better understand how partner institutions in other countries of the subregion deal with the same or similar development challenges. This was achieved through actual contact at the field level, that is, in a more direct way than is possible in established intergovernmental forums. For their part, United Nations entities without a field presence of their own were able to build, connect to and benefit from networks of local counterparts. This serves to enhance the quality and relevance of the analytical and intergovernmental preparatory work done of these entities.

22. The review revealed that those projects that focus on specific issues within sustainable development, such as small island developing States, natural resources, water and energy, and on specific measures of conference follow-up, were most effective in delivering expected results.

23. The projects varied in the clarity of their initial design. Projects with clearly defined objectives were easier to assess. However, even in cases where the initial objectives were fairly broad, the implementing entities were in most cases able to make effective use of the resources, eventually focusing on a limited number of issues, thus increasing final impact, particularly through networks. In future programming, special attention should be given to better defining the geographical focus, specific beneficiaries and expected accomplishments.

24. The project of the Department of Economic and Social Affairs on the implementation of Agenda 21 resulted in the setting-up of a regional network for sustainability indicators in Latin America. Advisory support on indicators, information for decision-making and national development strategies were also provided to Costa Rica, Bolivia, the Sudan and Mauritania. One of the first funded from the Account, the project as originally designed attempted too large a canvas on which to work. The actual activities undertaken, although individually successful, do not allow for a measurement of broader impact. In the light of this experience, subsequent projects in the field of sustainable development have been better focused on a subregion or a specific group of countries and have avoided addressing the gamut of issues arising from a particular global conference. While seeking cross-linkages with other conferences, in keeping with the spirit of the integrated and coordinated follow-up to international conferences, projects normally should not spread limited resources across conferences and regions but offer strategies for attaining specific, tangible results and impacts.

25. The project on capacity-building in strategic planning and management of natural resources in Asia and the Pacific, executed by ESCAP, was well focused on the environment and natural resources dimension of sustainable development. Numerous concrete outputs, such as 10 case studies, encapsulating findings on good practices and lessons learned, the Guidelines on Strategic Planning and Management of the Energy and Water Sectors, and a network of some 74 experts from 24 countries, resulting from the project, all contribute to the project's success. ESCAP serves as the nerve centre for this network of regional and subregional institutions and experts. The guidelines have been translated into Chinese, Russian and

Vietnamese, thus contributing to enhanced national teams' understanding of the strategic planning and management concept. Through group discussions, nearly 300 experts have developed closer ties to their counterparts. Building on support from subregional organizations and ESCAP, countries have expressed interest in participating in the next phase of the project to be expanded to the national level. ESCAP intends to continue its support to the network.

26. A joint project of the Department of Economic and Social Affairs and the regional commissions chose strategic planning and management as its focus for capacity-building to improve water management and accelerate investments in the water sector. It aims to achieve three specific targets, clearly related to the freshwater goals of Agenda 21: to create a network of national, basin and local institutions involved in the water sector, to establish a network of five international river basin organizations and to develop and launch a United Nations virtual learning centre. To date, the project's accomplishments include: the creation of a network of 15 national focal points, 15 national sub-basin agencies and 5 relevant local initiatives, and the design of 6 out of the 8 core courses of the curriculum of the virtual university. The project design is highly innovative and the lessons learned should be carried over to other disciplines where such networks and virtual universities can be developed.

27. A relatively small project to build capacities for decision-making in sustainable development, though twinning two small island developing States, undertaken by the Department of Economic and Social Affairs was reprogrammed to focus on capacity-building related systems for sustainable development in the Caribbean small island developing States. More than 30 organizations in the Caribbean region involved in the production, management, processing and use of information for sustainable development established, jointly with the Caribbean Conservation Association, a list server for the regional environmental information network. To support the network, the project will focus on the development of training materials, the dissemination of information on best practices, the provision of equipment to support training and further organizing training at the national level.

28. A complex and innovative joint ECE/ESCAP project undertook to promote the rational and efficient use of energy and water resources in the economies of Central Asia. Its purpose was to assist five Central Asian countries to implement the Energy Charter Treaty of 1991 and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects of 1994, to which they are signatories. The objective was pursued through a set of activities aimed at strengthening skills of national decision-makers and experts in rational and efficient use of energy and water resources, thus enhancing the ability of Member States to engage in cooperative and negotiated approaches to solving transboundary issues. A strategy for rational and efficient energy and water utilization, developed in the context of the project, resulted in the creation of a bilateral commission on the Chu and Talas rivers between Kazakhstan and Kyrgyzstan. Subsequently, statutes and other basic materials to support the work of the commission were prepared. The project is a positive example of regional cooperation on transboundary waters. The initiative has received support from Sweden, the United Kingdom and the Organization for Security and Cooperation in Europe.

29. The United Nations Conference on Trade and Development capacity-building and policy networking project for sustainable resource-based development is another

example of a well-focused activity concentrating on a specific development issue, using the tradable natural resources sector (timber, oil and gas and minerals) to achieve diversified growth and sustainable development, a challenge for many resource-rich developing countries that wish to transit from a resource income to a knowledge-based development process. The project, which has completed most of its activities and produced its outputs in line with the work plan, has established expert networks supported by a series of seminars and web sites. The project has also attracted considerable in-kind support as well as resources from various institutions, including the International Council on Mining and Metals, UNEP, ECA and the United Kingdom. Needs assessment missions have helped to identify specific national and regional needs and to differentiate and design activities to complement and enhance ongoing capacity-building activities in each region. Thus, in the Latin America and Caribbean region, the focus of the project's activities is on local authorities, whereas in Africa the emphasis is on complementing macroeconomic policy initiatives that promote stability. Multiplier effects are already evident as new and previously isolated networks integrate with project activities and significantly expand the project's outreach. This will eventually translate into greater creativity and enhance the quality of capacity-building at the national and local level.

B. Statistics

30. The review covered three projects[4] executed by the Statistics Division of the Department of Economic and Social Affairs in collaboration with the respective regional commissions in the Caribbean region, in Eastern Asia and in the ESCWA region, focusing on specific subregional groupings of countries like Caribbean Community (CARICOM) (15 countries), the Association of Southeast Asian Nations (ASEAN) (10 countries) and ESCWA (13 countries). In all three cases the projects were built on existing institutional subregional frameworks, which ensured long-term sustainability.

31. The objective of all three projects was threefold: (a) to strengthen statistical capacity at the national level; (b) to strengthen regional cooperation in the field of statistics; and (c) to inform Member States about ongoing global developments of statistical standards and norms and involve them therein. All projects started with a need assessment exercise determining the particular substantive focus of the projects (e.g., CARICOM: environment statistics, social/gender statistics, and information technology).

32. The national counterparts and project beneficiaries were clearly identified as the national statistical offices, which have longstanding relationships with the Statistics Division as they (a) represent their Governments at the Statistical Commission; (b) provide data for the Division's global data collection; (c) participate as experts in the Division's normative and analytical work; and (d) are partners in the Division's regular programme of technical cooperation. Therefore, for all three projects the heads of the national statistical offices of the countries involved effectively guided the projects through a steering committee mechanism. The Division was able to build thereby on the existing networks, like the Standing Committee of Caribbean Statisticians, the ASEAN Head of Statistical Offices meetings and the ESCWA Statistics Committee. These committees were strengthened, as they actively participated in the initial project formulation and in

subsequent project adjustments and reviews. The mechanism of convening at least one network meeting per year ensured national ownership and the continued relevance of all project activities as well as strengthening the collaboration in the region.

33. The primary vehicles for capacity-building delivery were training workshops in the selected substantive fields (e.g., under the ASEAN project 14 regional workshops were held in four areas: national and satellite accounting; development indicators; statistical organization; and management information technology). Furthermore, national statistical capacity was built through individual study tours and advisory missions. All projects also included procurement of hardware and statistical software as part of the information technologies component. An important success factor for all three projects was the engagement of local support staff (United Nations Volunteers for CARICOM and ASEAN and a local project coordinator in ESCWA), who were placed in the subregional partner institutions and were instrumental in local communication and management as well as in supporting substantive training.

34. The emphasis on tangible delivery of outputs in the CARICOM and ASEAN projects helped to forge effective expert networks at the working level. CARICOM produced the CARICOM Environment in Figures 2002 and Women and Men in the Caribbean Community: Facts and Figures, 1980-2001. ASEAN produced ASEAN in Figures. In both subregions the compilation and dissemination of similar regional products in the future is under consideration.

35. According to the feedback received from participants in workshops and from a final project evaluation seminar (in the case of ASEAN), the projects have been successful in: (a) building national capacity; and (b) creating expert networks. An example of national initiatives as a consequence of the project is the publication of first national environment statistics compendia in Grenada, Dominica, Saint Lucia, Saint Vincent and the Grenadines and Suriname. Examples of the creation of regional networks are the CARICOM advisory group on environmental and social statistics and the ASEAN taskforce on statistical classifications. These networks reflect the commitment of the countries in the regions for further cooperation beyond the project horizon.

36. All three projects were implemented with a clearly identified regional partner institution (CARICOM secretariat, ASEAN secretariat, ESCWA). The strengthening of the statistical capacity of the regional partner institution was an integral part of the project objectives. The most visible success in this respect is the creation of a small statistical unit in the ASEAN secretariat, financed by ASEAN secretariat resources. In addition to the partner institutions, other regional stakeholders and funding agencies actively participated in and contributed to the project activities, enhancing their impact and sustainability. The most important examples are the Organization of Eastern Caribbean States, UNEP, ESCAP and the Asian Development Bank.

37. The three projects were closely linked to the normative and analytical work of the Department of Economic and Social Affairs. In response to paragraph 3 of Economic and Social Council resolution 2000/27, in which the Council called for the strengthening of national capacity to produce statistics and indicators in the context of monitoring progress towards conference and summit goals, all three projects included elements related to global conference indicators, like the

CARICOM project which explicitly targeted the capacity to compile social and environmental conference indicators. By improving basic statistical capacity the projects have enhanced the ability of countries to compile and disseminate indicators.

38. The project drew on the existing capacity of the Department of Economic and Social Affairs to contribute to and present training materials at workshops. This ensured that the countries were briefed on the latest international developments in terms of statistical concepts and methodologies. At the same time the exposure of expert Department statisticians normally involved in normative and analytical work to field realities, provided useful feedback for the Department's future conceptual and methodological work.

39. A strong commitment of countries of the subregions to work together facilitated the implementation of the projects. This was most positively felt in the ASEAN region. Major disruptions in the project implementation were caused by the severe acute respiratory syndrome (SARS) epidemic in Asia and the situation in Iraq. Both events lead to the postponement of several regional workshops and fellowships in the ASEAN and ESCWA regions.

V. Management and coordination of the Development Account

40. The Executive Committee on Economic and Social Affairs continues to provide collective guidance to the implementation of the Development Account, by considering overall themes and specific areas of project activities and making the final selection of the project proposals. The Committee views Account activities as supplementary to and strengthening of the entities' substantive areas of responsibility. A number of projects of a pioneering nature have been launched within the Account, which, upon demonstrating results, are receiving support from bilateral and multilateral donors, which will serve to finance activities additional to those initiated as a result of project implementation, thus multiplying their effects.

41. In its resolution E/2003/3 of 11 July 2003, the Economic and Social Council stressed the importance of monitoring and evaluating operational activities and of learning from lessons in technical cooperation work. The Development Account's Programme Manager is currently revising monitoring and evaluation arrangements to adapt them to the requirements of result-based budgeting. The new arrangements should help the implementing entities focus more closely on achieving expected accomplishments and results and delivering projected impacts. Revised arrangements will also improve the capability of the Programme Manager to assess the actual impact of individual projects and make informed decisions on the best use of funds available to the Account. The design of projects will also be closely linked to multi and bilateral technical cooperation activities by using standardized project documents based on principles of results-based budgeting.

42. Financial data relating to the Development Account is made available on a pilot basis in the Integrated Monitoring and Documentation Information System (IMDIS) as a result of the creation of an interface with the Integrated Management Information System (IMIS). Executing agencies are now able to access IMIS-generated financial data in IMDIS. This creates a linkage of programmatic and financial data for analysis and reporting throughout implementation.

43. The web site of the Development Account (www.un.org/esa/devaccount/) has been redesigned. It has a simpler and more user-friendly interface, which allows easy access to information on different projects by status of implementation, theme, region and implementing entity. The web site is intended to be used as a tool for information sharing and interactive communication among entities, including on lessons learned. The web site will be updated based on the annual progress reports, submitted by implementing entities.

44. The quality and completeness of progress reporting have improved but continue to vary. The improved format of reporting, currently developed by the Programme Manager, will help the implementing entities better focus on projects' impact and effects. Result-based performance reporting would also allow for an early identification of key success factors, stumbling blocks, both institutional and operational, and opportunities for partnerships. Establishing and corroborating a causal relationship between activities and impacts should become a key method of performance reporting. Should such a relationship be difficult to prove empirically, the project's strategy should be revised.

45. The current six-month reporting cycle proved to be useful during the initial period of the Development Account operation. However, given that the number of projects has increased and operational procedures have harmonized, an annual progress reporting cycle is proposed and, as suggested by the Advisory Committee on Administrative and Budgetary Questions, reporting to the General Assembly will be done in the context of the consideration of the proposed programme budgets.

VI. Conclusions

46. **Development Account projects contribute to capacity-building in developing countries in specific areas related to follow-up to global conferences in the economic and social fields. These projects are executed by the Secretariat entities that bear policy development and normative responsibilities for issues that are addressed in the context of projects' implementation, thus applying their knowledge and expertise to the direct benefits of developing countries.**

47. **Learning from experiences, including the slow start of the first tranche, and following on guidance received from the intergovernmental process, both the implementation rate and the reporting on results have improved. The Development Account is a practical and cost-effective way of capacity-building which emphasizes the utilization and enhancement of knowledge base available in developing countries. The approach, where the support of the project is provided through the use of capacities and knowledge that do already exist in the Secretariat, appears to be both cost-effective and relevant.**

48. **Operational modalities, used by Development Account projects, such as joint execution, networking of expertise, application of information and communications technologies, which focus on subregional cooperation and the emphasis of projects on sustainability, through building partnerships and ensuring local ownership, prove to be beneficial for the use of the Account's limited resources.**

49. **Evaluation and monitoring of Development Account projects with strong focus on lessons learned, results and accomplishments should be further**

improved. Lessons learned should effectively feed into the design of new projects and activities.

50. **The General Assembly may wish to take note of the present report.**

Notes

[1] Implementing entities: Department of Economic and Social Affairs; Economic Commission for Africa (ECA); Economic Commission for Europe (ECE); Economic Commission for Latin America and the Caribbean (ECLAC); Economic and Social Commission for Asia and the Pacific (ESCAP); Economic and Social Commission for Western Asia (ESCWA); United Nations Conference on Trade and Development (UNCTAD); United Nations Office for Drug Control and Crime Prevention; United Nations Environment Programme (UNEP); and United Nations Human Settlements Programme (UN-Habitat).

[2] Seven projects under the first tranche of the Account as presented in document A/53/374 and Add.1 and approved by the Assembly in its resolutions 53/220 A of 7 April 1999 and 53/220 B of 8 June 1999; 16 projects under the second tranche as per section 33 of the proposed programme budget for the biennium 2000-2001 (A/C.5/54/37), and referred to in part IV of Assembly resolution 54/249 of 23 December 1999; 20 projects under the third tranche contained in the report on the proposed programme budget for the biennium 2002-2003, section 33 (A/56/6 (Sect. 33)), and referred to in part XIII of Assembly resolution 56/254 A of 24 December 2001.

[3] Activities for the implementation of Agenda 21, the Copenhagen Declaration and Programme of Action of the World Summit for Social Development and the Beijing Declaration and Platform for Action (Department of Economic and Social Affairs/Division for Sustainable Development, 98/99 H); capacity-building in strategic planning and management of natural resources in Asia and the Pacific (ESCAP, 00/01 A); capacity-building to improve water management and accelerate investments in the water sector (Department of Economic and Social Affairs/Division for Sustainable Development and regional commissions, 01/01 C); capacity-building for decision making in sustainable development (Department of Economic and Social Affairs/Division for Sustainable Development and regional commissions, 00/01 D); rational and efficient use of energy and water resources in Central Asia (ECE/ESCAP, 00/01 F); and capacity-building and policy networking for sustainable resource-based development (UNCTAD/Department of Economic and Social Affairs/United Nations University, 00/01 M).

[4] Strengthening Capacity in the Compilation of Statistics and Indicators for Conference Follow-up in the CARICOM Region (1999-2003); Strengthening Statistical Capacities in the Region of the Economic and Social Commission for Eastern Asia (2000-2003); and Strengthening Statistical Capacity for the countries of ESCWA region (2002-2004).

Annex

Financial tables by project and tranche

Table 1

Projects funded from section 34, Development Account, of the programme budget for the biennium 1998-1999,[a] as at 30 June 2003

	Project title	*Implementing entity*	*Budget*	*Expenditures*	*Balance*	*Implementation rate*
			(Thousands of United States dollars)			*(Percentage)*
A	Promotion of electronic commerce	UNCTAD	1 980.0	1 710.8	269.2	86.4
B	Capacity-building in economic and policy analysis in Africa through the networking of expertise	ECA	2 500.0	2 093.7	406.3	83.7
D	Computer and telecommunication system for international and national drug control	UNODC	1 100.0	818.4	281.6	74.4
E	Capacity-building and networking for the implementation of the UN-Habitat Agenda in least developed countries	UN-Habitat	945.0	818.0	127.0	86.6
F	Online network of regional institutions for capacity-building in public administration and finance	DESA	1 525.0	1 121.0	404.0	73.5
G	Research network for economic policy analysis	DESA	1 325.0	1 325.0	0.0	100.0
H	Activities for capacity-building in developing countries in pursuance of the objectives of Agenda 21, the Copenhagen Declaration on Social Development, the Programme of Action of the World Summit for Social Development and the Beijing Declaration and Platform of Action	DESA	3 570.0	2 404.6	1 165.4	67.4
	Total		**12 945.0**	**10 291.5**	**2 653.5**	**79.5**

Explanatory note: DESA: Department of Economic and Social Affairs; ECA: Economic Commission for Africa; UNODC: United Nations Office on Drugs and Crime; UN-Habitat: United Nations Human Settlements Programme; UNCTAD: United Nations Conference on Trade and Development.

[a] See General Assembly resolutions 53/220 A and B.

Table 2

Projects funded from section 33, Development Account, of the programme budget for the biennium 2000-2001,[a] as at 30 June 2003

	Project title	*Implementing entity*	*Budget*	*Expenditures*	*Balance*	*Implementation rate*
			(Thousands of United States dollars)			*(Percentage)*
A.	Capacity-building in strategic planning and management of natural resources in Asia and the Pacific	ESCAP	738.0	398.7	339.3	54.0
B.	Training programme on addiction rehabilitation and drug prevention in the workplace for Asia and the Pacific	UNIDCP	549.7	344.1	205.6	62.6
C.	Capacity-building to improve water management and accelerate investments in the water sector	DESA/RC	1 650.0	888.7	761.3	53.9
D.	Capacity-building in decision-making for sustainable development	DESA	300.0	297.0	3.0	99.0
E.	Capacity-building for promoting gender equality in the African countries	DESA	1 241.0	359.1	881.9	28.9
F.	Rational and efficient use of energy and water resources in Central Asia	ECE/ESCAP	1 750.0	1 696.1	53.9	96.9
G.	Strengthening regional capacities for statistical development	DESA	1 500.0	1 381.1	118.9	92.1
H.	Capacity-building and institutional development for equalization of opportunities for persons with disabilities	DESA	940.7	760.5	180.2	80.8
I.	Enhancing the economic and social development policy capabilities in the countries of Latin America and the Caribbean	ECLAC	325.4	198.0	127.4	60.8
J.	Development of a collaborative framework for integrated environmental assessments and reporting for West Africa	UNEP	642.2	548.1	94.1	85.3
K.	Sustainable waste management for African countries	UN-Habitat	500.0	498.9	1.1	99.8
L.	Urban pollution of superficial and groundwater aquifers in Africa	UNEP/ECA	250.0	208.8	41.2	83.5
M.	Capacity-building and policy networking for sustainable resource-based development	UNCTAD/UNU	498.0	484.1	13.9	97.2
N.	Enhancing the capacity of developing countries and countries with economies in transition for effective integration in the Multilateral Trading System	UNCTAD	900.0	878.9	21.1	97.7
O.	Capacity-building for debt sustainability analysis	UNCTAD	500.0	387.2	112.8	77.4
P.	Capacity-building for diversification and commodity-based development	UNCTAD	900.0	761.7	138.3	84.6
	Total		**13 185.0**	**10 091.0**	**3 094.0**	**76.5**

Explanatory note: DESA: Department of Economic and Social Affairs; ECA: Economic Commission for Africa; ECE: Economic Commission for Europe; ECLAC: Economic Commission for Latin America and the Caribbean; ESCAP: Economic and Social Commission for Asia and the Pacific; RC: Regional Commissions; UNCTAD: United Nations Conference on Trade and Development; UNODC: United Nations Office on Drugs and Crime; UNEP: United Nations Environment Programme; UN-Habitat: United Nations Human Settlements Programme; UNU: United Nations University.

[a] See A/C.5/54/37 and General Assembly resolution 54/249, paras. 190-200.

Table 3

Projects funded from section 33, Development Account, of the programme budget for the biennium 2002-2003[a] as at 30 June 2003

	Project title	*Implementing entity*	*Budget*	*Expenditures*	*Balance*	*Implementation rate*
			(Thousands of United States dollars)			*(Percentage)*
A.	Capacity-building for the promotion of capital markets in Africa	ECA	905.0	109.2	795.8	12.1
B.	Capacity-building for research on emerging population issues in developing countries	DESA/ECA/ESCAP	510.0	55.3	454.7	10.8
C.	Capacity-building in trade facilitation and electronic business in the Mediterranean	ECE/ESCWA/ECA	600.0	465.3	134.7	77.6
D.	Capacity-building of national machineries for governance with the gender perspective in Latin America and the Caribbean	ECLAC/DESA	850.0	197.8	652.2	23.3
E.	Urban poverty: an action-oriented strategy for urban governments and institutions in Latin America and the Caribbean	ECLAC/UN-Habitat	800.0	73.4	726.6	9.2
F.	Strengthening of networking of institutions and experts to accelerate the development of social and environmental statistics in the countries of Latin America and the Caribbean	ECLAC/DESA	825.0	166.6	658.4	20.2
G.	Capacity-building of Member States of the ESCAP for managing globalization	ESCAP/UNCTAD	950.0	282.9	667.1	29.8
H.	Network of expertise on foreign direct investment in the States Members of ESCWA	ESCWA/UNCTAD	480.0	167.0	313.0	34.8
I.	Capacity-building in developing interregional land and land-cum-sea transport linkages	ECE/ESCAP/ECLAC/ECA/ESCWA	1 250.0	466.2	783.8	37.3
J.	Capacity-building on key issues on the international economic agenda	UNCTAD	960.0	435.4	524.6	45.4
K.	Capacity-building in developing countries to attract and benefit from international investment	UNCTAD	950.0	555.1	394.9	58.4
L.	Building capacity through training in dispute settlements in international trade, investment and intellectual property	UNCTAD	420.0	326.3	93.7	77.7
M.	Institutional capacity-building for competition law policy	UNCTAD	410.0	286.1	123.9	69.8
N.	Improving participation and capacity-building in the implementation of certified environmental management systems in West Asia	UNEP	230.0	88.9	141.1	38.7
O.	Renewable energy for information and the provision of communication services in rural areas of developing countries	UNEP/ITU	260.0	71.5	188.5	27.5

	Project title	*Implementing entity*	*Budget*	*Expenditures*	*Balance*	*Implementation rate*
			(Thousands of United States dollars)			*(Percentage)*
P.	Drug abuse prevention in the workplace and in the family in Southern Cone countries	UNIDCP	450.0	450.0	0.0	100.0
Q.	Strengthening of a network of focal points on gender awareness in Africa and West Asia	DESA/ECA	625.0	0.0	625.0	0.0
R.	Networking and capacity-building for poverty alleviation through community-based environment in the areas affected by environmental degradation	DESA	370.0	1.5	368.5	0.4
S.	Design and implementation of national cleaner technology strategies	DESA	400.0	161.2	238.8	40.3
T.	Strengthening statistical capacity in the region of the ESCWA	DESA/ESCWA	820.0	380.5	439.5	46.4
	Total		**13 065.0**	**4 740.2**	**8 324.8**	**36.3**

Explanatory note: DESA: Department of Economic and Social Affairs; ECA: Economic Commission for Africa; ECE: Economic Commission for Europe; ECLAC: Economic Commission for Latin America and the Caribbean; ESCAP: Economic and Social Commission for Asia and the Pacific; ESCWA: Economic and Social Commission for Western Asia; ITU: International Telecommunication Union; UNCTAD: United Nations Conference on Trade and Development; UNODC: United Nations Office on Drugs and Crime; UNEP: United Nations Environment Programme; UN-Habitat: United Nations Human Settlements Programme.

[a] See A/56/6 (Sect. 33) and General Assembly resolution 56/254 A.